

316HER-447 (FJS/zm)

**IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

ACUITY, A MUTUAL INSURANCE)	
COMPANY)	
)	Case No.:
Plaintiff,)	
)	
v.)	Complaint and <u>Jury Demand</u>
)	
CITY SERVICE ELECTRIC, INC.)	
)	
Defendant.)	

COMPLAINT FOR DECLARATORY JUDGMENT

NOW COMES Plaintiff, ACUITY, A MUTUAL INSURANCE COMPANY (“Acuity”) by and through its undersigned counsel of record, SUDEKUM, CASSIDY & SHULRUFF, CHTD., and for its Complaint for Declaratory Judgment against Defendant, CITY SERVICE ELECTRIC, INC. (“City Service”), states as follows:

INTRODUCTION

1. This is an action for declaratory judgment pursuant to 28 U.S.C. §2201 and Rule 57 of the Rules of Federal Civil Procedure. Acuity seeks a judgment declaring Acuity does not owe insurance coverage to Defendant City Service for indemnification in the lawsuit styled, *Emcor Services Team Mechanical, Inc., a Delaware corporation v. City Services Electric, Inc., an Illinois corporation*, Case No. 2022-L-010455, pending in the Circuit Court of Cook County Department, Law Division (“the Lawsuit”).

PARTIES

2. Plaintiff Acuity is a Wisconsin corporation with its principal place of business in Wisconsin. At all relevant times, Acuity was and is authorized to issue policies of insurance in the State of Illinois.

3. Defendant City Service is an Illinois corporation that performs electrical subcontract work, with its principal place of business in Illinois.

JURISDICTION

4. This Court has jurisdiction pursuant to 28 U.S.C. § 1332. This Court has diversity jurisdiction over this action as (1) the amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs, and (2) is between citizens of different States.

FACTS COMMON TO ALL COUNTS

5. On November 22, 2022, Emcor Services Team Mechanical, Inc., (“Emcor”), filed a Complaint against City Service[s] (the “underlying Complaint”). A true and accurate copy of the underlying Complaint bearing Court No. 2022-L-010455 is attached hereto as **Exhibit A**.

6. The Complaint sets forth three causes of action against City Service:

Count I: Negligence

Count II: Breach of Contract (Warranty and Guaranty)

Count III: Breach of Contract (Indemnification)

7. At all times relevant, Amita Health Adventist Medical retained Emcor as a contractor to perform construction work at the LaGrange Memorial Hospital located at 5101 S. Willow Springs Rd., LaGrange, Illinois (the “Premises”). (Ex. A, ¶¶ 1, 5).

8. On or about October 21, 2021, Emcor entered into a written contract with City Service to perform certain electrical work at the Premises (the “Project”). (Ex. A, ¶ 4). The contract is entitled, “S213090-0007 CITY Service – LaGran[g]e Memorial Chiller Repl,” and is attached as Exhibit A to the underlying Complaint.

9. While City Service was performing work on the Project, copper shavings and copper dust from City Service’s electrical work fell into the chiller cabinet, and as a result of the presence of the copper shavings and copper dust, the chiller’s Variable Speed Drive (“VSD”) was irreparably damaged. (Ex. A, ¶ 8).

10. As a result of this irreparable damage, the chiller's VSD had to be replaced. (Ex. A, ¶ 10).

11. Due to the damage caused by City Service's work, Emcor paid for a rental chiller at the Premises until the VSD could be replaced, and additionally paid for the necessary repairs and eventual replacement of the VSD at the Premises. (Ex. A, ¶¶ 11, 12).

12. Emcor seeks to recover the amount of \$246,000, plus attorney's fees and costs, from City Service for expenses it incurred to provide the Premises with a rental chiller, and to repair and eventually replace the VSD. (Ex. A, ¶ 13; Wherefore Clauses).

13. Acuity issued a Bis-Pak policy of insurance to City Services, bearing policy number Z95032, with coverage effective from November 15, 2021 to November 15, 2022 (the "Policy"). A true and accurate copy of the Policy is attached hereto as **Exhibit B**.

14. The Acuity Policy affords business liability coverage to City Service pursuant to the terms and conditions set forth in the Policy.

15. Acuity seeks a declaration pursuant to 28 U.S.C. §2201 and Rule 57 of the Rules of Federal Civil Procedure that Acuity has no duty to indemnify City Service in the underlying Complaint for the following reasons:

- i. Policy Exclusion k(5) excludes coverage for the damages to the VSD alleged in the underlying Complaint, because the purported damage to that particular part of real property on which City Service performed operations, arose out of those operations; and
- ii. Policy Exclusion k(6) excludes coverage for the damages to the VSD alleged in the underlying Complaint, because the VSD is a particular part of property that was restored, repaired or replaced due to property damages arising out of work City Service incorrectly performed on it.
- iii. Policy Exclusion (n) excludes coverage for property damage to the chiller in the form of loss of use because it is impaired property that could not be used as result of its incorporation of City Service's work that was known or thought to be defective, deficient, inadequate, or dangerous.

CAUSES OF ACTION

COUNT I – NO DUTY TO INDEMNIFY CITY SERVICE PURSUANT TO POLICY EXCLUSION k(5)

16. Acuity hereby incorporates by reference the allegations of Paragraphs 1-15 as if fully set forth herein.

17. The Acuity Policy provides, in pertinent part, as follows:

BIS-PAK BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

* * *

EXCLUSIONS

1. Applicable to Business Liability Coverage

This Insurance does not apply to:

* * *

k. Damage to Property

Property damage to:

* * *

- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the *property damage* arises out of those operations; or

* * *

LIABILITY AND MEDICAL EXPENSES DEFINITIONS

* * *

17. "*Property damage*" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the *occurrence* that caused it.

* * *

18. City Service was retained by Emcor to perform electrical work at the Premises, and the scope of this work required City Service to perform operations to supply power to the chiller's VSD.

19. In the course of its operations at the Premises, City Service did in fact perform the work of providing electrical components and power supply to the VSD, which required the manipulation of the VSD's electronic components and of the VSD cabinet.

20. In the course of performing the operations described in paragraph 19, City Service allowed copper shavings and copper dust to enter the VSD cabinet, which caused irreparable damage to the VSD. (Ex. A, ¶¶ 7,8).

21. The damage sustained by the VSD was caused by City Service's negligent work in the course of performing those operations on the VSD, insofar as City Service:

- a. Failed to properly perform its work to avoid copper shavings from its electrical work from falling into the chiller;
- b. Failed to properly perform its work to avoid copper dust from its electrical work from falling into the chiller;
- c. Failed to take precautions to prevent copper shavings and dust from falling into the chiller;
- d. Failed to properly perform their work to avoid damaging the chiller's VSD;
- e. Failed to perform its services per all applicable codes, specifications and within the appropriate industry standards for their work;
- f. Failed to perform its electrical work in accordance with the plans and specification for the Project;
- g. Knew or should have known that its electrical work could irreparably damage the chiller if not performed to appropriate industry standards; and
- h. Was otherwise negligent in the performance of its work on the Project.

(Ex. A, Count I, ¶ 19)

22. As a direct and proximate result of these careless and negligent operations performed by City Service, the VSD in the chiller was irreparably damaged. (Ex. A, Count I, ¶ 20).

23. This property damage that occurred, and which is alleged in the underlying Complaint, is damage to the VSD.

24. The particular part of real property that City Service performed operations on, is the VSD.

25. The property damage, i.e. the damage to the VSD, arose out of City Service's negligent and careless operations performed upon the VSD.

26. As the property damage to the VSD arose out of the operations that City Service performed on the VSD, Acuity's Policy Exclusion k(5) excludes coverage under the Policy for the damages to the VSD alleged in the underlying Complaint.

27. As coverage is excluded for the damages to the VSD alleged in the underlying Complaint, Acuity does not owe a duty to indemnify City Service for any judgment entered against City Service in the underlying Complaint for damage it caused to the VSD.

WHEREFORE, Acuity hereby seeks a declaration pursuant to 28 U.S.C. §2201 and Rule 57 of the Rules of Federal Civil Procedure that Acuity owes no duty to indemnify City Service for any judgment entered against it in the underlying Complaint for damage it caused to the VSD pursuant to Policy Exclusion k(5), and for other such further relief this Court deems just and appropriate.

**COUNT II – NO DUTY TO INDEMNIFY CITY SERVICE
PURSUANT TO POLICY EXCLUSION k(6)**

28. Acuity hereby incorporates by reference the allegations of Paragraphs 1-15 as if fully set forth herein.

29. The Acuity Policy provides, in pertinent part, as follows:

**BIS-PAK BUSINESS LIABILITY AND MEDICAL EXPENSES
COVERAGE FORM**

* * *

EXCLUSIONS

1. Applicable to Business Liability Coverage

This Insurance does not apply to:

* * *

k. Damage to Property

Property damage to:

* * *

(6) That particular part of any property that must be restored, repaired or replaced because *your work* was incorrectly performed on it.

* * *

LIABILITY AND MEDICAL EXPENSES DEFINITIONS

* * *

17. "*Property damage*" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the *occurrence* that caused it.

* * *

22. "*Your work*" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of your work; and
- b. The providing of or failure to provide warnings or instructions.

* * *

30. City Service was retained by Emcor to perform electrical work at the Premises, and the scope of this work required City Service to perform operations to supply power to the chiller's VSD.

31. In the course of its operations at the Premises, City Service did in fact perform the work of providing electrical components and power supply to the VSD, which required the manipulation of the VSD's electronic components and the VSD cabinet.

32. In the course of performing the operations described in paragraph 19, City Service allowed copper shavings and copper dust to enter the VSD cabinet, which caused irreparable damage to the VSD. (Ex. A, ¶¶ 7,8).

33. The damage sustained by the VSD was caused by City Service's negligent work in the course of performing those operations on the VSD, insofar at City Service:

- a. Failed to properly perform its work to avoid copper shavings from its electrical work from falling into the chiller;
- b. Failed to properly perform its work to avoid copper dust from its electrical work from falling into the chiller;

- c. Failed to take precautions to prevent copper shavings and dust from falling into the chiller;
- d. Failed to properly perform their work to avoid damaging the chiller's VSD;
- e. Failed to perform its services per all applicable codes, specifications and within the appropriate industry standards for their work;
- f. Failed to perform its electrical work in accordance with the plans and specification for the Project;
- g. Knew or should have know that its electrical work could irreparably damage the chiller if not performed to appropriate industry standards; and
- h. Was otherwise negligent in the performance of its work on the Project.

(Ex. A, Count I, ¶ 19)

34. As a direct and proximate result of these careless and negligent operations performed by City Service, the VSD in the chiller was irreparably damaged. (Ex. A, Count I, ¶ 20).

35. In performing work in the manner described in paragraph 33 herein, City Service failed to perform work on the Project without defects. (Ex. A, Count II, ¶ 21).

36. In performing work in the manner described in paragraph 33 herein, City Service failed to perform work on the Project in accordance with all applicable codes, plans, specifications, standard industry practice and per its Contract with Emcor. (Ex. A, Count II, ¶ 22).

37. As a direct and proximate result of City Service's incorrect work performed in the manner described in paragraph 33 herein, Emcor was required incur expenses to restore, repair or replace the VSD. (Ex. A, Count I, ¶ 21).

38. The particular part of property that sustained damage and that was restored, repaired or replaced, i.e. the VSD, as alleged in the underlying Complaint, sustained damage and was restored, repaired or replaced as a result of work City Service incorrectly performed on it.

39. As the VSD sustained property damage that required the VSD to be restored, repaired or replaced because of work City Service performed incorrectly on it, Exclusion k(6)

excludes coverage under the Policy for the damages to the VSD alleged in the underlying Complaint.

40. As coverage is excluded for the damages to the VSD alleged in the underlying Complaint, Acuity does not owe a duty to indemnify City Service for any judgment entered against City Service in the underlying Complaint for damage it caused to the VSD.

WHEREFORE, Acuity hereby seeks a declaration pursuant to 28 U.S.C. §2201 and Rule 57 of the Rules of Federal Civil Procedure that Acuity, owes no duty to indemnify City Service for any judgment entered against it in the underlying Complaint for damage it caused to the VSD pursuant to Policy Exclusion k(6), and for other such further relief this Court deems just and appropriate.

**COUNT III – NO DUTY TO INDEMNIFY CITY SERVICE
PURSUANT TO POLICY EXCLUSION (n)**

41. Acuity hereby incorporates by reference the allegations of Paragraphs 1-15 as if fully set forth herein.

42. The Acuity Policy provides, in pertinent part, as follows:

**BIS-PAK BUSINESS LIABILITY AND MEDICAL EXPENSES
COVERAGE FORM**

* * *

EXCLUSIONS

1. Applicable to Business Liability Coverage

This Insurance does not apply to:

* * *

n. Damage to Impaired Property or Property Not Physically Injured

Property damage to impaired property or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in *your product* or *your work*; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

* * *

LIABILITY AND MEDICAL EXPENSES DEFINITIONS

* * *

8. “*Impaired property*” means tangible property, other than *your product* or *your work*, that cannot be used or is less useful because:
- a. It incorporates *your product* or *your work* that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of *your product* or *your work*; or
 - b. Your fulfilling the terms of the contract or agreement.

* * *

17. “*Property damage*” means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the *occurrence* that caused it.

* * *

22. “*Your work*” means:
- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in connection with such work or operations.
- Your work* includes:
- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of your work; and
 - b. The providing of or failure to provide warnings or instructions.

* * *

43. As a direct and proximate result of the careless and negligent operations performed by City Service, the VSD in the chiller was irreparably damaged. (Ex. A, Count I, ¶ 20).

44. Upon information and belief, the VSD controlled the sole power source for the Premises’ chiller. Therefore, without a functional VSD, the chiller was rendered without power and was unable to function in its ordinary capacity.

45. In the period of time between the damage sustained by the VSD as a result of City Service's work at the Premises, and the eventual replacement of the VSD, Emcor incurred expenses to provide the Premises with a temporary rental chiller.

46. The underlying Complaint alleges that, "The damage caused by CITY's act of allowing copper shavings and other debris to fall [in CSD] caused irreparable damage to all components of the chiller." (Ex. A, Count I, ¶ 18).

47. Upon information and belief, and contrary to the allegations in paragraph 18 of the underlying Complaint, the only component of the chiller that sustained irreparable damage was the VSD.

48. Upon information and belief, the Premises' chiller was able to function in its ordinary capacity solely upon replacement of the VSD.

49. Accordingly, and in support of the allegations set forth at paragraphs 46 and 47 herein, the underlying Complaint seeks to recover for expenses incurred to repair and eventually replace the VSD, and for expenses incurred to provide the premises with a rental chiller for the period of time between the damage to the VSD caused by City Service's operations, and the eventual replacement of the VSD. The underlying Complaint does not seek to recover for expenses incurred to repair or replace any component of the chiller apart from the VSD. (Ex. A, ¶ 13; Wherefore Clauses).

50. The Policy defines "Property damage" to include, "Loss of use of tangible property that is not physically injured."

51. Policy Exclusion (n) excludes coverage for, "*Property damage to impaired property* or property that has not been physically injured, arising out of...A defect, deficiency, inadequacy or dangerous condition in...*your work*."

52. The Policy defines “Impaired property” as, “tangible property, other than *your product* or *your work*, that cannot be used or is less useful because...It incorporates *your product* or *your work* that is thought to be defective, deficient, inadequate or dangerous...if such property can be restored to use by...The repair, replacement, adjustment or removal of *your product* or *your work*.”

53. The Policy defines “Your work” as, “Work or operations performed by you or on your behalf.”

54. City Service performed work and/or operations on the Premises’ VSD.

55. As a direct and proximate result of the operations performed by City Service, the VSD in the chiller was irreparably damaged. (Ex. A, Count I, ¶ 20).

56. As a result of the irreparable damage to the VSD caused by City Service’s operations on the VSD, the chiller suffered Property damage, as that term is defined in the Policy, in the form of loss of use of the chiller which was not physically injured.

57. As a result of City Service’s operations on the VSD, the chiller could not be used because it incorporated City Service’s work on the VSD that was thought to be defective, deficient, inadequate or dangerous.

58. The chiller was restored to use by the repair, replacement, adjustment or removal of City Service’s work on the VSD.

59. Therefore, the damages sought by Emcor in the underlying Complaint for expenses it incurred arising from loss of use of the chiller which could not be used as a result of its incorporation of City Service’s defective, deficient, inadequate or dangerous work on the VSD, are excluded pursuant to Policy Exclusion (n).

60. As coverage is excluded for these damages alleged in the underlying Complaint, Acuity does not owe a duty to indemnify City Service for any judgment entered against it in the

underlying Complaint for damage arising from the loss of use of the chiller resulting from defective, deficient, inadequate or dangerous work City Service performed on the VSD pursuant to Policy Exclusion (n).

WHEREFORE, Acuity hereby seeks a declaration pursuant to 28 U.S.C. §2201 and Rule 57 of the Rules of Federal Civil Procedure that Acuity owes no duty to indemnify City Service for any judgment entered against it in the underlying Complaint for damage arising from the loss of use of the chiller resulting from defective, deficient, inadequate or dangerous work City Service performed on the VSD pursuant to Policy Exclusion (n).

Respectfully Submitted,

SUDEKUM, CASSIDY & SHULRUFF, CHTD.

By: /s/ Frederick J. Sudekum, III
Attorneys for Plaintiff.

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Exhibit A

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CIRCUIT CLERK
COOK COUNTY, IL
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**IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION**

EMCOR SERVICES TEAM)
MECHANICAL, INC., a)
Delaware corporation,)
)
Plaintiffs,)
)
v.) **Case No. 2022L010455**
)
CITY SERVICES ELECTRIC, INC.,)
an Illinois corporation,)
) **Jury Demand**
Defendants.)

COMPLAINT AT LAW

Plaintiff, EMCOR SERVICES TEAM MECHANICAL, INC., a Delaware Corporation, by and through its attorneys, HELPERBROOM, LLC, states as follows for its Complaint at Law against Defendant, CITY SERVICES ELECTRIC, INC., an Illinois Corporation:

COMMON ALLEGATIONS

1. At all relevant times, LaGrange Memorial Hospital was located at 5101 S. Willow Springs Rd., LaGrange, Illinois, in Cook County, Illinois (“Subject Premises”).
2. At all relevant times, EMCOR SERVICES TEAM MECHANICAL, INC. (“TEAM”) was a Delaware corporation with a place of business at 431 Lexington Dr., Buffalo Grove, Illinois.
3. At all relevant times, CITY Services Electric, Inc. (“CITY”) was an Illinois company with its principal place of business located at 5710 N. Northwest Hwy, Chicago, Illinois.
4. On or about October 21, 2021, CITY had a contract with TEAM to perform work at the Subject Premises for the LaGrange Memorial Hospital - Chiller Installation Project # 213090 (“Project”).

5. At all relevant times, Amita Health Adventist Medical (“Customer”), was the customer for the Project.

6. CITY had a contract with TEAM to perform certain electrical work in accordance with plans and specifications for the Project.

7. While CITY was performing its work on the Project, copper shavings and copper dust from CITY’s electrical work fell into the chiller.

8. As a result of the presence of copper shavings and copper dust presence throughout the chiller cabinet, the chiller’s Variable Speed Drive (“VSD”) was irreparably damaged.

9. On or about April 19, 2022, TEAM notified CITY that CITY’s actions resulted in copper shavings and other debris to contaminate the chiller’s VSD, irreparably damaging the VSD.

10. As a result of the irreparable damage, the VSD in the chiller had to be replaced.

11. Due to the damage caused by CITY’s work, TEAM paid for a rental chiller at the Subject Premises until the VSD could be replaced.

12. Due to the damages caused by CITY’s work, TEAM paid for necessary repairs and eventual replacement of the VSD damaged in the chiller at the Subject Premises.

13. TEAM incurred a total of \$246,000.00 in damages, for the rental chiller and resulting repairs and replacement of the VSD.

COUNT I – NEGLIGENCE

1 – 13. Plaintiff restates and re-alleges the allegations set forth in paragraphs 1 - 13 of “Common Allegations” as paragraphs 1 - 13 of Count I, as if fully set forth herein.

14. At all relevant times, CITY was responsible for and retained to perform its electrical work in accordance with plans and specifications for the Project.

15. At all relevant times, CITY had a duty to exercise reasonable care and to perform its

services non-negligently with respect to the performance of its work on the Project.

16. CITY also had the duty to perform its services in accordance with all applicable codes, specifications and the appropriate industry standards for the installation it performed on the Project at the Subject Premises.

17. CITY performed its work in a negligent manner, causing damage to the entire chiller cabinet, separate and apart, from the electrical work performed by CITY on the Project.

18. The damage caused by CITY's act of allowing copper shavings and other debris to fall in CSD caused irreparable damage to all the components of the chiller.

19. The damage to the chiller at the Subject Premises was caused by CITY's breach of the aforesaid duties insofar as CITY:

- a. Failed to properly perform its work to avoid copper shaving from its electrical work from falling into the chiller;
- b. Failed to properly perform its work to avoid copper dust from its electrical work from falling into the chiller;
- c. Failed to take precautions to prevent copper shavings and dust from falling into the chiller;
- d. Failed to properly perform their work to avoid damaging the chiller's Variable Speed Drive;
- e. Failed to perform its services per all applicable codes, specifications and within the appropriate industry standards for their work;
- f. Failed to perform its electrical work in accordance with the plans and specifications for the Project;
- g. Knew or should have known that its electrical work could irreparably damage the chiller if not performed to appropriate industry standards;
- h. Was otherwise negligent in the performance of its work on the Project.

20. As a direct and proximate result of the careless and negligent acts of CITY at the Subject

Premises the VSD in the chiller on the Project was irreparably damaged.

21. As a direct and proximate result of the careless and negligent acts of CITY on the Project, TEAM was required to spend significant sums renting a functioning VSD and eventually purchasing a new one for the Project at the Subject Premises.

WHEREFORE, the Plaintiff respectfully prays that this Honorable Court enter judgment in its favor and against the Defendant, CITY SERVICES ELECTRIC, INC., in the amount of \$246,000.00, and for such other and further relief that this Court deems just and proper.

COUNT II – BREACH OF CONTRACT

(Warranty and Guaranty)

1 – 13. Plaintiff restates and re-alleges the allegations set forth in paragraphs 1 - 13 of “Common Allegations” above as paragraphs 1 - 13 of Count II, as if fully set forth herein.

14. On or about October 21, 2021, TEAM entered into a written contract with CITY, entitled “S213090-0007 CITY Service – LaGran[g]e Memorial Chiller Repl” (“Contract”). A copy of said Contract is attached as hereto as Exhibit A.

15. Per said Contract, Defendant CITY was obligated to provide the labor, materials, equipment, and other items necessary for the proper performance of the electrical work in accordance with the plans and specifications for the Project.

16. Per said Contract, City warranted and guaranteed that its work was free from defects in materials, equipment, and workmanship.

17. Per said Contract, CITY warranted and guaranteed that its work complied with the Contract documents, required specifications, and that its workmanship was professional and of first-class quality.

18. Per said Contract, CITY is contractually obligated to protect any materials or equipment that are to be incorporated into the work until the Project is accepted by the Customer.

19. Per said Contract, CITY agreed that at its own expense, it would immediately correct, repair, or replace any work that did not confirm to the foregoing warranties and guaranties.

20. Per said Contract, CITY assumed the risk of loss or damage and shall immediately remedy, at its own expense, any loss or damage that occurs prior to acceptance of the Project by the Customer.

21. CITY breached the Contract by failing to perform its work on the Project without defects.

22. CITY breached the Contract by failing to perform the work on the Project in accordance with all applicable codes, plans, specifications, standard industry practice and per its Contract with TEAM.

23. CITY is currently in breach of the Contract as it failed to immediately remedy, correct, repair, or replace the damaged VSD at its own expense.

24. Despite CITY having received notice of said breaches and resulting damages, CITY has failed to pay the resulting damages.

25. Per said Contract, if CITY does not timely take action required by the Contract as directed by TEAM, TEAM may perform or undertake such work or necessary actions as TEAM deems appropriate and charge any loss, damage, and cost of expense to CITY.

26. That CITY's breach of the Contract has resulted in damages, including but not limited to the cost of TEAM having to rent a functioning VSD and eventually purchasing a new one for the Project.

WHEREFORE, the Plaintiff respectfully prays that this Honorable Court enter judgment in its favor and against the Defendant, CITY SERVICES ELECTRIC, INC., in the amount of \$246,000.00, plus attorney's fees and costs, and for such other and further relief that this Court deems just and proper.

COUNT III – BREACH OF CONTRACT
(Indemnification)

1 – 26. Plaintiff restates and re-alleges the allegations set forth in paragraphs 1 – 26 of Count II as paragraphs 1 - 26 of Count III as if fully set forth herein.

27. Per the Contract, CITY is contractually obligated to defend and indemnify TEAM for any losses arising out of the Contract.

28. As a result of the loss and damage, the Customer on the Project made a claim against TEAM, in turn, TEAM sought defense and indemnification from CITY pursuant to the Contract.

29. CITY’S obligations to defend and indemnify are triggered upon notice of loss.

30. Despite CITY having received notice, CITY has failed to defend and indemnify TEAM.

31. CITY has breached the Contract because it has failed to provide a defense and indemnity per the terms the Contract.

32. Consequently, TEAM was forced to spend significant sums renting a functioning VSD and eventually purchasing a new one for the Project.

33. TEAM now seeks full reimbursement of all sums expended pursuant to the Contract.

WHEREFORE, the Plaintiff respectfully prays that this Honorable Court enter judgment in its favor and against the Defendant, CITY SERVICES ELECTRIC, INC., in the amount of \$246,000.00, plus attorney’s fees and costs, and for such other and further relief that this Court deems just and proper.

HeplerBroom, LLC

s/*Jamie M. Rein*

Attorney for Plaintiff

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COOK COUNTY, IL
2022L010455
Calendar, R

**IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION**

EMCOR SERVICES TEAM)
MECHANICAL, INC., a)
Delaware corporation,)
)
Plaintiffs,)

v.)

CITY SERVICES ELECTRIC, INC.,)
an Illinois corporation,)
)
Defendants.)

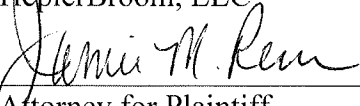
Case No. 2022L010455

Jury Demand

SUPREME COURT RULE 222(b) AFFIDAVIT

Pursuant to the provisions and penalties of 735 ILCS 5/1-109, the undersigned attorney certifies, after being duly sworn on oath, that the total amount of money damages sought for the Plaintiff in this matter exceeds \$50,000.00.

HeplerBroom, LLC


Attorney for Plaintiff

Stephanie W. Weiner
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S213090-0007 City Service - LaGrane Memorial Chiller Repl

Abbreviated Subcontract For Projects > \$50,000

This Subcontract (the "Subcontract") is made this **21st** day of **October**, 2021, by and between **EMCOR Services Team Mechanical Inc.** (the "Contractor"), located at **431 Lexington Dr, Buffalo Grove IL 60089**, and **City Service Electric, 5710 N Northwest Hwy., Chicago, IL 60646** (the "Subcontractor").

WHEREAS, Contractor has entered into a Contract (the "Contract") with **Amita Health Adventist Medical** (the "Customer") to perform certain work for the project known as **LaGrange Memorial Hospital - Chiller Replacement** (the "Project"), Project # **213090**, Project Address: **5101 S. Willow Springs Rd., LaGrange, IL 60525**, and now desires to have Subcontractor perform certain portions of such work, as set forth herein; and

WHEREAS, Subcontractor desires to perform such portion of the work, and provide such goods and/or services, for the consideration set forth herein.

NOW, THEREFORE, Contractor and Subcontractor, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1. CONTRACT DOCUMENTS

1.1. Contract Documents. The Contract Documents consist of this Subcontract, the following specific provisions from the Contract per Exhibit H, if applicable, and any modifications, change orders, or directives issued pursuant to the Contract Documents, together with all attachments relating thereto. Subcontractor agrees to be bound and obligated to Contractor as Contractor is bound and obligated to Customer under the Contract Documents, both with respect to the work and the other terms in the Contract Documents. In the event of any conflict between this Subcontract and the other Contract Documents, the terms requiring the more stringent obligation on Subcontractor shall control.

2. SCOPE OF WORK

2.1. Scope. Subcontractor shall furnish all of the labor, materials, equipment, and other items necessary for the proper performance of the work described in Exhibit A, attached hereto (the "Work").

3. SCHEDULE AND TIME OF PERFORMANCE

3.1. Time of the Essence. Time is of the essence of Subcontractor's performance of this Subcontract. Subcontractor shall complete the Work in accordance with the schedule set forth in Exhibit B, attached hereto. Subcontractor shall be liable for any loss, damage (including, but not limited to, consequential damage), cost, or expense Contractor incurs that is due to Subcontractor's delay, failure to maintain the schedule, or complete timely the Work.

3.2. Scheduling. Contractor shall have the right to change the schedule and/or require Subcontractor to perform its Work at different times, intervals, and/or sequences than initially expected, and if Contractor, in its sole discretion, deems such action to be in the best interests of the Project. Subcontractor, at its own expense, shall perform its Work to accommodate and timely meet any such changes or requirements.

3.3. Resources. Subcontractor will staff the Work to maintain the schedule. Subcontractor, at its own expense, also shall work overtime, extra shifts, and/or provide additional labor or material resources to maintain the schedule, as well as to overcome any delay to the schedule and/or to accommodate and timely meet any changes or requirements pursuant to this Article 3.

3.4. Delay Damages. In addition to other damages as provided for in this Subcontract, Subcontractor shall be liable for liquidated or other delay damages assessed against Contractor to the extent attributable to Subcontractor's acts or omissions.

3.5. Excused Delay. Subcontractor shall not be liable for any delay, and shall be entitled to additional time for the Work, if a delay is caused by an occurrence beyond the reasonable control of Subcontractor, and without its fault or

EXHIBIT A

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negligence, subject to the condition precedent that Contractor shall receive from Customer a corresponding extension of time. Subcontractor's sole and exclusive remedy for delay is an extension of time.

4. PRICE AND PAYMENT

4.1. Payment. Contractor shall pay Subcontractor in accordance with the payment provisions of this Subcontract, and as follows (*place "X" in front of the appropriate payment provision*):

- ☒ **Lump Sum.** A firm fixed price of [REDACTED].
☐ **Time and Material.** Time and material rates and prices, as set forth in Exhibit C, attached hereto.
☐ **Unit Price.** Unit prices, as set forth in Exhibit C, attached hereto.
☐ **Other.** Other payment provision, as set forth in Exhibit C, attached hereto.

The Subcontract price is firm and fixed for the duration of the Project, and includes all materials, labor, fuel, taxes, required insurance and bonding, and any other cost items necessary for full and complete performance of the Work.

4.2. Progress Payments and Retention. Contractor shall pay Subcontractor progress payments monthly. Subcontractor shall submit to Contractor, five (5) days prior to the Contractor's monthly billing date, a payment request that shall include an invoice for Work performed during the current month projected through the end of the month, and partial lien waivers and releases for all labor and materials furnished by Subcontractor, its sub-subcontractors, and suppliers. Contractor shall pay Subcontractor within thirty (30) days following Contractor's receipt of payment from Customer for Subcontractor's Work. Contractor, however, shall withhold as retention ten percent (10%) of each such invoice until final payment.

4.3. Final Payment. Prior to final payment, Subcontractor shall submit a final payment request that includes a final invoice for Work performed, final lien waivers and releases for all labor and materials furnished by Subcontractor, its sub-subcontractors, and suppliers (and consent of surety, if required), and all other documents as required by the Contract Documents. Contractor shall pay Subcontractor within thirty (30) days following Contractor's receipt of final payment from Customer for Subcontractor's Work. Acceptance of final payment shall constitute a complete release and waiver by Subcontractor of all claims against all parties that arise from or relate to this Subcontract or the Project.

4.4. Contractor's Obligation to Pay. Timely submission of requests for payment is a condition precedent to Contractor's obligation to pay Subcontractor. Untimely requests for payment shall be deemed invalid, and shall constitute Subcontractor's waiver of the right to payment for any such request. To the fullest extent allowed by applicable law, the provisions of this Subcontract that concern payment all are subject to the condition precedent that Contractor shall receive from Customer payment of funds for the amounts claimed as payable by Subcontractor.

4.5. Payment in Trust. Any payment received by Subcontractor shall be held in trust for the payment of its sub-subcontractors and suppliers, and Subcontractor shall pay its sub-subcontractors and suppliers within seven (7) days of receipt of payment from Contractor that includes amounts due to such sub-subcontractors and suppliers.

4.6. Records. Subcontractor shall maintain all books and records relating to this Subcontract for a minimum of three (3) years after Customer's acceptance of the entire Project, and Contractor shall have reasonable access to such books and records.

4.7. Right to Withhold / Offset. Contractor may withhold, or offset against, any amounts due or to become due to Subcontractor under this Subcontract or any other agreement in an amount and to the extent necessary to protect Contractor from any loss, damage, cost, or expense Contractor may incur due to Subcontractor's failure to perform any obligations set forth in this Subcontract.

5. SUBCONTRACTOR'S OBLIGATIONS

5.1. Existing Site Conditions. Subcontractor acknowledges that it has investigated and understands the conditions affecting the Work and the Contract Documents, and has found no errors, omissions, or conflicts amongst them. The failure by Subcontractor to raise any issue with any of the foregoing before commencing the Work shall constitute a waiver of Subcontractor's right to any additional compensation and/or additional time based on any such issue.

5.2. Submittals and Approval. Subcontractor shall prepare and deliver its submittals to Contractor in such time and sequence so as not to delay the Work or Project. The approval of any Subcontractor submittal shall not relieve

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Subcontractor from its obligations to perform the Work in accordance with the Contract Documents, unless Subcontractor specifically identifies any deviation and obtains written approval from Contractor specifically authorizing such deviation.

5.3. Sub-subcontractor's and Suppliers. Subcontractor shall bind its sub-subcontractors and equipment and material suppliers to the requirements set forth in this Subcontract, the schedule for the Work, and the Contract Documents, and shall be responsible for the acts and omissions of its sub-subcontractors and suppliers.

5.4. Execution of Work. Every part of the Work shall be executed in accordance with the Contract Documents and in a professional manner. All materials used in the Work shall conform to the Contract Documents and shall be new, except as otherwise expressly indicated in the Contract Documents. Subcontractor shall perform the Work so as to not cause loss or damage to the work or property of others on the Project, Contractor, or the Customer.

5.5. Tests and Inspections. Subcontractor shall schedule all required tests, approvals, and inspections of the Work so as not to delay the progress of the Work, give proper written notice thereof to all required parties, and bear all expenses associated therewith.

5.6. Substitutions. No substitutions shall be made in the Work unless permitted in the Contract Documents, and only then upon Subcontractor first receiving written approval from Contractor.

5.7. Nonconforming Work. Subcontractor, at its own expense, immediately shall correct, repair, or replace any Work that is rejected by Contractor or Customer that is improper, defective, and/or does not conform to the Contract Documents upon notice from Contractor, and any damage to other work that occurs during any correction, repair, or replacement.

5.8. Record Document Sets. A complete set of as-built drawings in accordance with the Contract Documents shall be provided to Contractor prior to final payment.

5.9. Cleanup. Subcontractor shall at all times keep the Project free from debris and shall clean all areas in which it has performed its Work.

5.10. Protection of Work and Risk of Loss. Subcontractor shall protect the Work, any materials or equipment that are to be incorporated into the Work, and other work that is proximate or relates to the Work until the Project is accepted by Customer. Subcontractor assumes the risk of loss or damage to the foregoing for such time, and immediately shall remedy, at its own expense, any loss or damage to the foregoing that occurs prior to acceptance of the Project by Customer.

5.11. Liens. Subcontractor shall at all times:

- (i) promptly pay for all materials, equipment, services, and labor used in the performance of the Work, and provide Contractor with any reasonable evidence Contractor may require; and
- (ii) maintain and keep the Work, the Project, and the Project premises free and clear of all liens or other encumbrances arising from the Work, Subcontractor, or any other person or entity providing materials, equipment, services, or labor by or through Subcontractor (any and all, collectively, the "Liens").

Subcontractor shall discharge, substitute a bond, or otherwise secure the release of any such Liens, at its own expense, in ten (10) days of notice from Contractor. If Subcontractor fails to comply with any obligation concerning such Liens, Contractor shall have the right to:

- (i) withhold from amounts due or to become due to Subcontractor an amount equal to any Liens, together with an amount reasonably necessary to cover any expenses Contractor may incur in addressing and resolving such Liens; or
- (ii) resolve any such Liens, and Subcontractor shall be liable for any loss, damage, cost, or expenses Contractor may incur in so doing.

5.12. Subcontractor Bonds. If required by Contractor, Subcontractor shall furnish, at its cost, to Contractor and Customer, as the named obligees, payment and performance bonds to secure Subcontractor's performance and obligations arising under this Subcontract.

5.13. Compliance With Laws. Subcontractor shall be properly licensed to perform the Work, shall give all required notices, and shall comply with all applicable laws, rules, regulations, statutes, orders, and other lawful requirements, including, but not limited to, any safety requirements, related to the performance of the Work. Subcontractor also shall be compliant with all MBE, WBE, and other similar or related programs.

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5.14. Permits, Licenses, and Taxes. Subcontractor shall give adequate notices to authorities pertaining to the Work and secure and pay for all necessary permits, fees, licenses, and assessments. Subcontractor shall be responsible for the payment of all taxes (including employee-related taxes and benefits), levies, or similar costs related to the Work.

5.15. Use or Occupancy of the Work. Contractor and Customer reserve the right to use, occupy, or put into operation any portion of the Work at any time after Subcontractor's completion of such portion of the Work. Such use, occupancy, or operation shall in no way relieve Subcontractor of its obligations under this Subcontract.

5.16. Independent Contractor. Contractor employs Subcontractor as an independent contractor to perform its Work. This Subcontract does not form a partnership, joint venture, employer, agency, or other similar relationship between Contractor and Subcontractor, Subcontractor is not entitled to any benefits from Contractor as a result of the Subcontract, and Subcontractor is not authorized to make any agreements for Contractor or to bind it in any way. If required by Customer, Subcontractor also will, at its own expense, provide background checks and drug tests for employees assigned to the Project. Subcontractor also shall cooperate with any investigation concerning the Project.

Subcontractor shall not use or refer to Customer or Contractor's name, marks, or any information or images concerning the Project in any advertising, promotion, press release, or publication without Customer and Contractor's written consent, which either may withhold for any reason and in its sole discretion.

5.17. Assignment and Delegation. Subcontractor is prohibited from assigning or subcontracting the whole or any part of its duties under this Subcontract without the prior written approval of Contractor.

5.18. Confidentiality. Subcontractor acknowledges that it will receive confidential and/or proprietary information of Customer and Contractor in connection with the Project and performance of the Work (any and all information received, collectively, the "Confidential Information"), and that the unauthorized use or disclosure of the Confidential Information will cause irreparable harm to the disclosing party. Subcontractor therefore agrees for itself, and all those acting on its behalf, to keep the Confidential Information in strict confidence during the term of this Subcontract and after its expiration or termination, not to reveal any Confidential Information to any third party except as may be necessary for the performance of the Work, and not to use any Confidential Information for any purpose other than the performance of the Work, except as authorized by Contractor in writing. Subcontractor shall cause each third party that requires Confidential Information to agree to the foregoing provisions, and Subcontractor shall be responsible for any breach of the foregoing by any of them.

5.19. Performance of Obligations. Subcontractor shall be liable for any loss, damage (including, but not limited to, consequential damage), cost, or expense including, but not limited to, reasonable attorney's fees, Contractor incurs that is due to Subcontractor's failure to comply with its obligations as set forth in this Article 5 and the other Articles of this Subcontract.

6. CHANGES IN THE WORK

6.1. Change Orders. Subcontractor shall make all changes from the original Contract Documents or perform extra work when ordered to do so by Contractor. Any changes in compensation and/or time to complete such work shall be agreed to in writing prior to commencing the work using a written Change Order ("CO"), in the form attached hereto as Exhibit D.

6.2. Construction Change Directives. In lieu of a CO, the Contractor, at its discretion, may issue a Construction Change Directive ("CCD") to Subcontractor for changed or extra work, in the form attached hereto as Exhibit E, requiring Subcontractor to complete such work and reserving for resolution any changes in compensation and/or time. Subcontractor shall proceed with such work as directed in the CCD.

6.3. Proceeding Without Authorization. If Subcontractor proceeds with any changes to the Work or extra work without a CO signed by the parties or a CCD from Contractor, Subcontractor waives its right to any additional compensation and/or time relating to the changed or extra work.

7. WARRANTY AND GUARANTY

7.1. Warranties and Guaranties. Subcontractor warrants and guaranties that:

- (i) its Work complies with the Contract Documents;
- (ii) the materials provided are new and comply with required specifications;

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(iii) its workmanship is professional and of a first-class quality; and
 (iv) the Work will be free from defects in materials, equipment, and workmanship for the period specified in the Contract Documents or for twelve (12) months from the date of the written acceptance of the entire Project by the Customer, whichever period is longer.

Subcontractor, at its own expense, immediately shall correct, repair, or replace:

- (i) any Work that does not conform to the foregoing warranties and guaranties;
- (ii) any defects in the Work that occur within the warranty period; and
- (iii) any damage to other work that occurs during any correction, repair, or replacement of the Work.

8. SAFETY

8.1. Site Safety. The Subcontractor shall comply with all applicable laws, rules, regulations, statutes, orders, and other lawful requirements that concern safety of persons and/or property, and all safety procedures established by Customer, Contractor, and/or the Contract Documents. The Subcontractor also shall provide Contractor with Safety Data Sheets (SDS) as required by law that pertain to the Work and shall implement its own appropriate safety measures concerning the Work and the Project. The Contractor may at any time stop Subcontractor's Work, and/or remove Subcontractor or any of Subcontractor's employees or subcontractors from the Project, if Subcontractor fails to comply with the requirements of this Article 8.

8.2. Hazardous Substances. If Subcontractor encounters any hazardous substances at the Project, Subcontractor immediately shall:

- (i) take all steps required by law to protect persons and property from injury or damage;
- (ii) stop working in the affected areas; and
- (iii) advise Contractor in writing of the conditions encountered at the Project.

Subcontractor shall be liable for any loss, damage (including, but not limited to, consequential damage), cost, or expense arising out of:

- (i) any hazardous materials that are introduced to the Project by Subcontractor (or its sub-subcontractors, suppliers, or agents); or
- (ii) any pre-existing hazardous materials that Subcontractor (or its sub-subcontractors, suppliers, or agents) disturbs, disrupts, or releases.

9. INSURANCE

9.1. Insurance Requirements. Subcontractor shall, at its own expense, maintain not less than the insurance requirements for coverage, limits, and duration set forth in the attached Exhibit F. Subcontractor shall require each sub-subcontractor to procure and maintain the same insurance coverage that is required of Subcontractor.

10. INDEMNIFICATION

10.1. Indemnity and Defense. To the fullest extent allowed by applicable law, Subcontractor will indemnify and defend Contractor, Customer, and their owners, shareholders, officers, directors, consultants, agents, sureties, and employees (collectively, "Indemnified Parties"), from and against claims, damages (including, but not limited to, consequential damage), losses, or expenses (any or all, collectively, the "Claim"), including, but not limited to, reasonable attorneys fees, arising out of or relating to this Subcontract or the performance of Subcontractor's Work, except to the extent caused by the sole negligence of an Indemnified Party.

11. DEFAULT, TERMINATION, AND SUSPENSION

11.1. Default. If Subcontractor breaches any provision of this Subcontract (an event of "Default"), and fails within forty-eight (48) hours of receipt of written notice to cure such Default, then Contractor shall have the right to (i) complete Subcontractor's Work, (ii) take any other actions Contractor deems necessary to remedy such Default, (iii) withhold, or offset against, any amounts due or to become due to Subcontractor in an amount and to the extent necessary to protect Contractor from any loss, damage, cost, or expense Contractor may incur due to such Default, and (iv) terminate this Subcontract, in whole or in part, by written notice. Subcontractor shall be liable for any loss, damage (including, but not limited to, consequential damage), cost, or expense Contractor incurs that is due to Subcontractor's Default.

11.2. Termination for Default.

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Upon termination, Contractor may take over the Work and possession of all items belonging to Subcontractor for the Work. Subcontractor shall not be entitled to any further payment until the balance of Subcontractor's Work has been completed. At that time, any cost, loss, damage, and expense incurred by Contractor in performing Subcontractor's Work, including reasonable attorney's fees, shall be deducted from any amount due or to become due Subcontractor, and Subcontractor shall be liable for the payment of any amount by which such costs may exceed the unpaid balance of the price for the Work.

If, after a termination for Default, it is determined that Subcontractor was not in Default, the rights and obligations of the parties shall be as if Subcontractor was terminated for convenience.

11.3. Termination for Convenience. Contractor may terminate this Subcontract, in whole or in part, without cause by providing Subcontractor five (5) days prior written notice. Upon receipt of such notice, Subcontractor shall immediately discontinue the Work and shall do only such work as directed by Contractor. Upon such termination, Subcontractor shall be entitled only to payment for the actual cost of Work that is completed prior to the termination and accepted by Contractor as properly performed, subject to the conditions precedent set forth in Article 4.4. Subcontractor shall not be entitled to recover any other compensation, loss, or damage of any sort arising from such termination.

In the event that Customer terminates or cancels the Contract, this Subcontract shall be deemed terminated and Subcontractor shall have no claim of any kind against Contractor, except to the extent of payment pursuant to this Article 11.3.

11.4. Suspension of Work. Contractor may direct Subcontractor to stop or delay all or any part of the Work for such period of time as Contractor may determine to be necessary or desirable by providing Subcontractor five (5) days prior written notice. In the event of such suspension, Contractor shall pay Subcontractor only for Subcontractor's necessary and direct costs for demobilization and remobilization and, in the event that the Customer orders a suspension, Contractor shall pay Subcontractor such costs, subject to the conditions precedent set forth in Article 4.4.

12. CONTRACTOR'S RIGHT TO PROCEED AND LIABILITY

12.1. Contractor's Right to Proceed. In addition to any other rights or remedies Contractor has under this Subcontract, if Subcontractor does not timely take action required by this Subcontract as directed by Contractor, then Contractor may perform or undertake such work or necessary actions as it deems appropriate, and charge any loss, damage, cost, or expense for such work or actions to Subcontractor.

12.2. Limitation of Liability. Under no circumstances, whether arising out of contract, tort (including negligence), strict liability, warranty or otherwise, shall Contractor be liable to Subcontractor for special, indirect, incidental, consequential, exemplary or punitive damages of any nature.

13. NOTICE OF CLAIMS

13.1. Claim Procedure. Subcontractor shall provide written notice of any claim for additional compensation and/or time for any reason, or any other dispute or controversy concerning the Subcontract (any, a "Claim"), within five (5) business days of the event giving rise to such Claim, or three (3) business days prior to the date by which Contractor is required to give notice to the Customer of such Claims pursuant to the Contract, whichever period is shorter. Failure to provide timely such notice shall constitute a waiver of Subcontractor's right to any additional compensation and/or time, and such notice shall be a condition precedent to the Subcontractor's right to make any Claim.

14. DISPUTE RESOLUTION

14.1. Disputes Involving Customer. If any Claim is related in any way to the Customer, Subcontractor agrees to pursue or defend the matter, at its own expense, pursuant to the dispute resolution provisions of the Contract Documents, including arbitration or other form of alternate dispute resolution, and the liquidating agreement set forth in this Article 14.1.

Contractor agrees to present proper Claims submitted by Subcontractor to the Customer pursuant to the provisions of the Contract Documents, but Subcontractor at all times shall be responsible for preparation of its Claims and for all legal and other costs associated with pursuing or defending such matter that are incurred by Subcontractor directly or by Contractor for the benefit of Subcontractor.

Contractor acknowledges its obligation to present such proper Claims according to this Article 14.1, but Contractor and Subcontractor agree that this obligation is Contractor's sole liability and Subcontractor's sole recourse concerning such

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Claims, and Subcontractor agrees that, once presented, any such Claim shall be deemed liquidated, strictly limited to the presented Claim, and fully satisfied and discharged by Contractor's delivery to Subcontractor of whatever recovery, if any, Contractor actually receives on behalf of Subcontractor.

14.2. Mediation and Arbitration. All Claims that do not involve Customer that arise out of or relate to this Subcontract shall be settled by mediation under the Construction Industry Mediation Procedures of the American Arbitration Association, which mediation shall be a condition precedent to arbitration. If the mediation does not settle the Claim(s) within thirty (30) days after mediation, then any unresolved Claim(s) (including Claims concerning the validity, enforceability, and scope of this Subcontract and this arbitration provision) shall be settled by arbitration administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules. Notwithstanding anything to the contrary in such rules, however, all Claims shall be heard and determined by one (1) arbitrator. The arbitrator's award shall be final and binding for all purposes, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall award to the prevailing party, if any, all of its reasonable costs, attorney's fees, and arbitration fees. Subcontractor agrees that any arbitration commenced pursuant to this Article 14.2 may, at the Contractor's election, be consolidated with any other arbitration proceeding involving a common question of fact or law between the Contractor and any other party.

14.3. Continuing Work. The Subcontractor shall continue to perform the Work and maintain the Project schedule notwithstanding any Claim, arbitration, or dispute, provided that Contractor continues to make payments of undisputed amounts as provided in this Subcontract.

15. MISCELLANEOUS

15.1. Entire Agreement. This Subcontract sets forth the entire agreement between the parties on the subject matter contained herein, and supersedes any other understandings. No agreement modifying this Subcontract shall be binding unless made in writing and signed by a duly authorized representative of each party.

15.2. Choice of Law. This Subcontract shall be governed by, construed, and enforced for all purposes in accordance with the laws of the state where the Project is located, without giving effect to its conflict of laws provisions.

15.3. No Waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

15.4. Severability. This Subcontract shall be construed to make each of its provisions enforceable. In the event that any provision of this Subcontract is deemed to be illegal or unenforceable, such a determination shall not affect the validity or enforceability of the remaining provisions of this Subcontract all of which shall remain in full force and effect.

15.5. Notice. All notice required by this Subcontract shall be in writing, sent to the contact below, and furnished by a reputable overnight carrier or facsimile or e-mail, with a confirmatory copy also sent by U.S. mail, return receipt requested.

Contractor: EMCOR Services Team Mechanical Inc	Subcontractor: City Service Electric
Contact: Erin Jacobus	Contact: Dave Sufranski
Address: 431 Lexington Dr, Buffalo Grove IL 60089	Address: Same as Above
Phone Number: [REDACTED]	Phone Number: [REDACTED]
E-mail: [REDACTED]	E-mail: [REDACTED]

15.6. Equal Employment Opportunity. The parties agree that each shall abide by the requirements of:

(i) 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

(ii) 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

(iii) 41 CFR 60-1.4(a). This regulation prohibits discrimination against qualified individuals because of race, color, religion, sex, or national origin, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified minorities and women.

(iv) Executive Order 13496, as amended, requiring posting of notices informing employees of their rights under the National Labor Relations Act.

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15.7. Employment Eligibility Verification. If the Project involves the receipt of federal funds, Subcontractor verifies and acknowledges that it is in compliance with 48 C.F.R. Section 52.222-54 Employment Eligibility Verification, regarding the use of E-Verify to verify employment eligibility for all Subcontractor employees.

15.8. Survival. All provisions of this Subcontract which require performance by either party hereto after termination of this Subcontract shall survive any such termination.

CONTRACTOR

By: 

Its: President

Print
name: Kirk Pettingill

Date: 12/17/21

SUBCONTRACTOR

By: 

Its: CEO

Print
name: Jeb Hackleman

Date: 12/9/2021

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EXHIBITS

Exhibit A - Scope of Work

Exhibit B - Schedule

Exhibit C - Time and Material Rates and/or Unit Prices

Exhibit D - Change Order

Exhibit E - Construction Change Directive

Exhibit F - Insurance Requirements

EXHIBIT A

SCOPE OF WORK

- **Electrical work in accordance with plans and specifications**
- **Includes Base Bid, Alt 3 and Alt 5**

EXHIBIT B

SCHEDULE

EXHIBIT C

TIME AND MATERIAL RATES / UNIT PRICES



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EXHIBIT D

CHANGE ORDER

PROJECT:

Contractor's Contract #:

Contractor's CO #:

SUBCONTRACTOR:

Phone:

Address:

Fax:

1) The Subcontract is changed as follows (*describe*):

2) Based on the Subcontract change above, the following adjustment(s) have been authorized and Subcontractor shall be entitled to:

☐ **Additional Time.** Contractor has authorized the addition of _____ day(s) to the Subcontract time, changing the Date of Substantial Completion to: _____, 20____.

☐ **Additional Compensation.** Contractor has authorized the additional sum of \$_____ to the Subcontract price.

This Change Order includes all direct and indirect costs for such change including, but not limited to, labor, material, equipment, and normal mark-ups, plus any additional costs arising out of changes in the sequence of work, delays, disruptions, rescheduling, extended overhead, home office overhead, acceleration, and/or impact costs. Subcontractor waives any and all rights to make claims for any other compensation or additional time relating to or arising out of this Change Order.

Subcontractor shall sign and date this Change Order, make and retain a copy for its records and shall return the original Change Order bearing both signatures and dates back to Contractor. This Change Order is not valid unless signed by both Contractor and Subcontractor.

CONTRACTOR

SUBCONTRACTOR

By: _____

By: _____

Its: _____

Its: _____

Print
name: _____

Print
name: _____

Date: _____

Date: _____

S213090-0007 City Service - LaGrane Memorial Chiller Repl**EXHIBIT E****CONSTRUCTION CHANGE DIRECTIVE****PROJECT:****Contractor's Contract #:****Contractor's CCD #:****SUBCONTRACTOR:**

Address:

Phone:

Fax:

Subcontractor hereby is directed to make the following change(s) under the Subcontract:

This document becomes effective immediately as a Construction Change Directive ("CCD") when signed by Contractor and received by Subcontractor, and Subcontractor shall proceed with the change(s) described above.

Subcontractor shall submit any claim concerning additional compensation and/or additional time to complete such CCD in accordance with the claim procedures set forth in Article 13 of the Subcontract. Failure to provide timely any such notice in writing shall constitute a waiver of Subcontractor's right to any additional compensation and/or additional time for such claim.

In the event of a dispute concerning this CCD, Subcontractor shall proceed with the CCD Work, and the parties shall resolve such dispute thereafter pursuant to the dispute resolution Article of the Subcontract.

Date: _____, 20__

CONTRACTOR

By: _____

Its: _____

Print
name: _____

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**PLEASE FORWARD ALL INSURANCE REQUIREMENTS DIRECTLY TO YOUR INSURANCE BROKER / AGENT
PROVIDER MUST SUBMIT AN ACCURATE INSURANCE CERTIFICATE IMMEDIATELY**

The Subcontractor and each of its subcontractors shall provide and maintain, at their own expense, (i) the types and limits of insurance specified in, and required by, the Contract Documents, and (ii) to the extent not set forth in the Contract Documents, the minimum types and minimum limits of insurance set forth below, and shall keep same in full force and effect for the period specified in, and required by, the Contract Documents and, to the extent not set forth in the Contract Documents, during the entire performance of this Subcontract and for two years following completion of all requirements of this Subcontract. The Subcontractor shall, before the commencement of any Work, file with **EMCOR Services Team Mechanical Inc.** ("Contractor") a Certificate of Insurance on the current **ACORD™ form** evidencing the Subcontractor's required insurance coverage and limits, but the failure to provide such certificate shall not constitute a waiver of any of the obligations or requirements set forth in this exhibit. Insurance shall be subject to approval by Contractor. All insurance policies must be written by licensed insurers authorized to conduct business in the state(s) where work is performed. All insurance companies must have AM Best's Rating of at least "A- VIII" or better.²

1. Commercial General Liability (covering Bodily Injury / Property Damage and Personal Injury as follows):

Standard ISO Commercial General Liability Occurrence Form, including:

- Explosion, Collapse, Underground Hazards (X,C,U)
- Products/Completed Operations Hazard (must be maintained for 3 years beyond completion of Project, or longer as required by the Contract Documents)
- Blanket Contractual Coverage
- Independent Contractors
- Personal Injury Liability

The limits of liability with the limits of liability shall be at least those shown on the attached sample insurance certificate.

2. Automobile Liability:

- Commercial Form
- Any Auto - Symbol 1
- Uninsured/Underinsured Motorist – Symbol 2

The limits of liability shall be at least those shown on the attached sample insurance certificate.

3. Workers' Compensation Insurance:

In accordance with the laws of the nation or state having jurisdiction over the Subcontractor's employees. The limits of liability shall be at least those shown on the attached sample insurance certificate. Subcontractor shall not utilize occupational accident or health insurance policies, or the equivalent, in lieu of mandatory Workers' Compensation Insurance or otherwise attempt to opt out of the statutory Workers' Compensation system.

4. Umbrella Liability (coverage must attach directly excess of the Primary General Liability, Auto Liability & Employers Liability Insurance):

The limits of liability shall be at least those shown on the attached sample insurance certificate, and must be maintained for 3 years beyond completion of Project, or longer as required by the Contract Documents.

5. Professional Liability Insurance / Errors & Omissions Insurance ("E&O") (if required):

If Subcontractor is required to perform design work, it must in addition to the above requirements, carry Professional Liability / E&O Insurance covering Bodily Injury, Property Damage, Economic Loss arising out of Design Contractor's professional liability in the capacity for which it is being hired and may not contain a Design-Build exclusion for

¹ These requirements also include Acord form A1 certificate of liability insurance.

² Capitalized terms used in this insurance exhibit that are not defined in this Subcontract are insurance terms that generally are defined within any policy to which this exhibit refers.

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professional negligence with the limit of liability shall be at least those shown on the attached sample insurance certificate. Occurrence coverage is preferred. A "claims-made" E&O policy form is acceptable, but only if the retroactive date of such policy is prior to, or equal to, the date that you begin to work on the project (including pre-bid and pre-contract design work). Must be maintained for 3 years beyond completion of Project, or longer as required by the Contract Documents.

6. Contractors Pollution Liability Insurance (if required):

If Subcontractor is required to perform work which involves Hazardous Materials ("HM") including, but not limited to, removal, abatement, transportation or disposal of asbestos, mold, PCBs, or any other toxic, hazardous or environmentally harmful materials, it must in addition to the above requirements, carry Contractors Pollution Liability Insurance ("CPL"). At a minimum, the CPL policy must cover the HM Subcontractor's liability for bodily injury including medical monitoring, property damage, cleanup costs, loss of use, diminution of value, restoration costs, fines and penalties, arising out of its work. The limit of liability shall be at least the amount shown on the sample certificate. Occurrence coverage is preferred. A "claims made" CPL policy form is acceptable, but only if the retroactive date of such policy is prior to, or equal to, the date that your HM Subcontractor begins to work on the Project (including any pre-bid, pre-contract work). Coverage must be maintained for 3 years beyond completion of Project, or longer as required by the Contract Documents.

7. Property Insurance / Builders Risk (If required):

Builders Risk Insurance shall be in accordance with the Contract Documents. This insurance will cover 100% replacement cost (including materials and labor) all real and personal property, including all buildings, structures, fixtures, materials, supplies, machinery and equipment that are intended for installation in the Project while such are located at the Project site. Customer, Contractor, EMCOR Group, Inc., and all other indemnitees required by the Contract Documents, and their respective affiliates, directors and officers, representatives, agents and employees, are not responsible for Subcontractor's temporary structures, partially constructed structures, scaffoldings, owned / leased material, tools, or equipment. It is the Subcontractor's sole responsibility to carry insurance coverage for its temporary structures, partially constructed structures, owned or leased material, tools, or equipment. Any policies put in effect by the Subcontractor on such structures, tools, equipment or materials shall contain a provision requiring the insurance carriers to waive their rights of subrogation against Customer, Contractor, EMCOR Group Inc., and all other indemnitees named in the Subcontract.

8. Fidelity Insurance:

Blanket Fidelity Bond (Crime Insurance) endorsed with third party liability coverage in an amount of not less than the limits of liability shown on the attached sample insurance certificate covering the dishonest acts of Subcontractor's employees performing Work under this Subcontract. Contractor, and all other indemnities named in the Subcontract, shall be named as a loss payee.

9. Other Insurance:

Other insurance such as aircraft or watercraft and other similar coverages relating to this Project may be required. The coverages and limits will be determined by Contractor based on Customer specifications and / or scope of services.

10. All Other Requirements:

- a. Should the Subcontractor engage a sub-subcontractor, the same conditions applicable to the Subcontractor under these insurance requirements shall apply to each subcontractor of every tier and Subcontractor shall obtain the required insurance from each of its subcontractors.
- b. The carrying of the minimum insurance coverages required by this exhibit, or failure to provide the required insurance certificate or endorsements, shall in no way relieve or release the Subcontractor of any responsibility or liability under this Subcontract or in any way limit the liability of the Subcontractor.
- c. Insurance coverage will apply independently of Subcontractor's indemnity obligations nor does it preclude Contractor from taking other actions available to it, including the withholding of funds under this Subcontract. The Subcontractor is not relieved of its duties under this Subcontract by Contractor's acceptance of insurance policies and / or certificates.
- d. **ADDITIONAL INSURDS: EMCOR Services Team Mechanical, Inc., EMCOR Group, Inc., Amita Health Adventist Medical, LaGrange Memorial Hospital, Berg Engineering** and all other indemnitees required by the Contract Documents (See also Exhibit H, if applicable), and their respective affiliates, directors and officers, representatives, agents and employees, are Additional Insureds on all policies except Workers' Compensation,

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E&O / Professional and Fidelity. General Liability Additional Insureds must be equivalent of CG 20 10 11 85 (including Ongoing / Completed Operations). Fidelity (Crime) policy includes 3rd party coverage and all Additional Insureds are included as Loss Payees. If Builder's Risk / Installation coverage is required then all Additional Insureds must be included as Loss Payees on Builder's Risk / Installation policies. Subcontractor further agrees that the amount of insurance available to such Additional Insureds shall be for the full amount of the loss up to policy limits and shall not be limited to the minimum requirements set forth in this exhibit.

- e. All insurance provided to Additional Insureds applies on a primary and non-contributory basis. Any other insurance maintained by Customer, Contractor, EMCOR Group, Inc., and all other indemnitees required by the Contract Documents, and their respective affiliates, directors and officers, representatives, agents and employees, shall be in excess of and shall not contribute with Subcontractor's insurance or its sub-subcontractor's insurance. Customer, Contractor, EMCOR Group, Inc., and all other indemnitees required by the Contract Documents, and their respective affiliates, directors and officers, representatives, agents and employees, are not responsible for the Subcontractor's insurance deductible or self-insured retention.
- f. Waiver of Subrogation, where allowable by law, is included on all policies except Professional Liability and Fidelity Insurance in favor of Customer, Contractor, EMCOR Group, Inc., and all other indemnitees required by the Contract Documents, and their respective affiliates, directors and officers, representatives, agents and employees, so that in no event shall the insurance carriers have any right of recovery against Customer, Contractor, EMCOR Group, Inc., and all other indemnitees required by the Contract Documents, and their respective affiliates, directors and officers, representatives, agents and employees.
- g. Claims Made policies are not acceptable except for Professional / Pollution Liability Policies which must contain a retroactive date that is prior to the date the Named Insured (Subcontractor) began Work on this Project.
- h. Certificates of insurance shall confirm that all insurance policies are endorsed so that the policies will not be materially changed or canceled without at least a thirty (30) days prior written notice to the Certificate Holder. In the event the policies of insurance policies required in this exhibit cannot be so endorsed, (a) the Subcontractor, as an express condition precedent to payment, shall affirm that the required insurance remains in place and said insurance has not been canceled or (b) should said insurance be canceled, Subcontractor shall provide thirty days prior written notice of cancellation to the Certificate Holder. Contractor's acceptance of a certificate shall not release Subcontractor from the obligations set forth in this exhibit.
- i. Upon Contractor's written request, copies of Subcontractor's insurance policies must be provided within twenty (20) days of the request.
- j. All Self Insured Retentions ("SIR's) must be disclosed on the certificates and may not exceed twenty five thousand dollars (\$25,000) without prior written authorization from Contractor.
- k. If the Subcontractor, for any reason, requires and / or carries any type of insurance and / or increase in limits of liability above those required by this Subcontract, all costs related to this excess insurance / increased limits shall be the responsibility of the Subcontractor.
- l. If Subcontractor fails to procure and maintain the insurance required by this exhibit, Contractor shall have the right, but not the obligation, to procure and maintain such insurance for and in the name of Subcontractor, and Subcontractor shall furnish all information necessary to obtain and maintain such insurance. Subcontractor shall pay all costs associated with Contractor obtaining and maintaining such insurance, and Contractor may offset such costs against amounts otherwise payable to Subcontractor.

Subcontractor Safe Work Plan

PrH
OK

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(All sections MUST be completed and returned.)

Each Contractor shall ensure that their subcontractors, employees and suppliers, regardless of tier, comply with the Contractor's Company Safety Program and all applicable Federal, State and Local Codes, laws, Orders, Rules, Regulations and EMCOR Work Rules and Policies.

Nothing in the Safe Work plan shall be construed to relieve persons from compliance with the Contractor's Company Safety Program and all applicable Federal, State and Local Codes, laws, orders, Rules, Regulations and EMCOR Work Rules and Policies.

Contractor Name: City Service Electric, Inc.

Site Project Foreman /Supervisor: Jeb Hackleman

Email: [REDACTED] Phone: [REDACTED]

24-Hour Contact Person: Same

24-hour Contact Email: Same Phone: [REDACTED]

Project Address: [REDACTED]

Project Type: Construction ☐ Alteration ☐ Demolition ☐ Other ☒ [REDACTED]

Eye Protection will be used at all times while performing work on this project. Yes ☒ No ☐

Hard Hats will be worn at all times while performing work on this project. Yes ☒ No ☐

If no, Explain: [REDACTED]

Cut Resistant gloves shall be worn when handling sharp material that can cause a laceration. Leather gloves shall be worn at all other times. Yes ☒ No ☐

Respirators, face shields, hearing protection and any other PPE required based on exposure hazards will be issued and worn. Yes ☒ No ☐

All employees are trained on the use of any PPE and equipment that they may use on this project. Yes ☒ No ☐

All powered equipment will be operated only with guards in place. Yes ☒ No ☐

Will "Hot Work" operations be required on the project? Yes ☐ No ☒

Subcontractor Safe Work Plan

S213090-0007 City Service - LaGrane Memorial Chiller Repl**(All sections MUST be completed and returned.)**Will any cutting be required during this project (floors, roof, etc.)? Yes ☐ No ☒

Location of Safety Data Sheets (SDS)?

Job Box

Type and number of Fire Extinguishers provided on the project site?

N/AWill there be any work from elevations over four feet on this project? Yes ☐ No ☒

Fall protection will be provided and worn in accordance of Subpart M of CFR 1926 for all applicable work.

Yes ☒ No ☐

Will you be using:

Scaffolding Yes ☐ No ☒ Swing Stage Yes ☐ No ☒ Scissor Lift Yes ☐ No ☒Boom Lift Yes ☐ No ☒ Bucket Truck Yes ☐ No ☒

All scaffolding and related devices will be installed and operated by a "Competent Person".

Yes ☒ No ☐Will there be any Mobile Crane or Helicopter usage for hoisting, lifting, or construction? Yes ☐ No ☒

Specific details for safe application of these devices are required. For helicopter lifts special insurance, road closures, permits, and flight plans will also apply. Have all details and approvals been included in this

document? Yes ☐ No ☒Will sidewalks be closed at any time for deliveries and/or hoisting? Yes ☐ No ☒If yes, will a flag person and/or barriers be in place? Yes ☐ No ☒Will any sidewalk shed(s) or scaffolding be erected? Yes ☐ No ☒Will floor openings and vertical shafts be enclosed and identified with signage? Yes ☐ No ☒

All daily inspections will be documented and maintained onsite for the duration of the project,

Yes ☒ No ☐

S213090-0007 City Service - LaGrane Memorial Chiller Repl**Subcontractor Safe Work Plan****(All sections MUST be completed and returned.)**Only Qualified personnel will perform electrical or electrical related work. Yes ☒ No ☐Only Qualified Persons will be working with or testing energized equipment. Yes ☒ No ☐All energized work exposure will be in accordance with NFPA 70E-2015. Yes ☒ No ☐Will any fire alarms and/or suppressions' system and/or devices be taken out of service, removed, relocated or "programmed out" of the system(s)? Yes ☐ No ☒

If Yes, Explain: _____

If sprinkler/standpipe is to be removed, has Fire Marshall and Insurance Carrier approval been received and submitted to EBS? Yes ☐ No ☒ Comments: _____Fire guard/fire watch be provided if required? Yes ☐ No ☒Will any exits, corridors or stairway be closed and/or removed? Yes ☐ No ☒**If yes, provide location(s) and architects rerouting diagram.**Will two means of unobstructed egress be maintained? Yes ☒ No ☐Will rubbish and universal waste programs be established? Yes ☒ No ☐Will rubbish be removed from project daily? Yes ☒ No ☐Will powder-actuated tools be used? Yes ☐ No ☒

Signs that will be posted on project and areas leading to site (Select all that apply):

No Smoking ☐ Fire Extinguisher ☐ Hardhat Area ☐PPE Required ☐ Emergency Contacts ☐ Construction Site -Authorized Personnel Only ☐Exit Signs ☒ Sidewalk Closed ☐ Other ☐Will any flammable and/or combustible liquids be used on site? Yes ☐ No ☒Is a housekeeping program in place? Yes ☒ No ☐

S213090-0007 City Service - LaGrane Memorial Chiller Repl**Subcontractor Safe Work Plan****(All sections MUST be completed and returned.)**

Name and contact information of contractor employee in charge of enforcing contractor safety rules?

Jeb HacklemanAre regular contractor safety toolbox meetings scheduled as part of the work? Yes ☒ No ☐Have all contractor employees and applicable subcontractors completed the EPA Lead Safe Work Practice training? Yes ☒ No ☐

List location of First Aid kit(s) on site.

Job Box

All EMCOR Contractors / Subcontractors are responsible for instructing their employees in the recognition and elimination of hazards and unsafe acts and the regulations applicable to their work. Safety training, good safety practices, Pre-Task Planning and appropriate immediate corrective actions are the keys to the prevention of accidents, loss of life and property damage. No matter how many rules and regulations are established, a good safety Program depends mainly on a positive and disciplined attitude of Management and Employees involved in work projects.

The construction contractor and associated subcontractors are always responsible for all safety on a construction project.

Submitted By: Jeb Hackleman Date: 12/9/2021Title: CEOReceived By EBS: Steven Hermer Date: 12/20/21Title: Safety Director

Copies Submitted to:

Date: _____

Title: _____

Date: _____

Title: _____

Exhibit B

NOTICE OF CANCELLATION ENDORSEMENT

IL-7002(10-90)

All Coverage Parts included in this policy are subject to the following condition:

If we cancel this policy, for any reason other than

nonpayment of premium, we will mail advance notice to the person(s) or organization(s) as shown in the Schedule.

SCHEDULE

Person or Organization (Name and Address)	Advance Notice (Days)
THE PARK RIDGE PUBLIC LIBRARY 20 S PROSPECT AVE PARK RIDGE IL 60068	30
UTC CARRIER OF AUTOMATED LOGIC C/O AVETTA PO BOX 51387 IRVINE CA 92619	30



Acuity, A Mutual Insurance Company

**BIS-PAK
CHANGES**

First Named Insured and Address:

CITY SERVICE ELECTRIC INC
5710 N NORTHWEST HWY
CHICAGO IL 60646

Agency Name and Number:

TOWER INSURANCE AND RISK MANAGEMENT
7783-AA

Policy Number: Z95032

Change Effective Date: 11-15-21

PREMIUM SUMMARY

This is not a bill. If premium is due, a billing notice will be sent separately.

Return Premium Applied to Your Balance \$ 6,834.00
Direct Billed

CHANGES:

CHANGED PREMIUM BASIS AMOUNT FOR CLASS CODE 92478 ELECTRICAL WORK
- WITHIN BUILDINGS ON PREMISES 1 BUILDING 1

CHANGED PREMIUM BASIS AMOUNT FOR CLASS CODE 91585
CONTRACTORS-SUBCONTRACTED WORK ON PREMISES 1 BUILDING 1

CHANGED SCHEDULE ON PROPERTY IN THE COURSE OF CONSTRUCTION


**BIS-PAK
COVERAGE PART**
Amended Declarations

First Named Insured and Address:

CITY SERVICE ELECTRIC INC
5710 N NORTHWEST HWY
CHICAGO IL 60646

Agency Name and Number:

TOWER INSURANCE AND RISK MANAGEMENT
7783-AA

Policy Number: Z95032

Policy Period: Effective Date: 11-15-21

Expiration Date: 11-15-22

In return for the payment of the premium and subject to all
the terms of the policy, we agree to provide the insurance
coverage as stated in the Policy.

12:01 A.M. standard time at your
mailing address shown in the
declarations

COVERAGE FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART

Form Number	Form Title	Premium
CB-0002(7-20)	Deluxe Bis-Pak Property Coverage Form	
CB-0006(8-15)	Bis-Pak Business Liability and Medical Expenses Coverage Form	
CB-0009(9-04)	Bis-Pak Common Policy Conditions	
CB-0162(6-00)	Illinois Changes - Contractors - Home Repair and Remodeling	\$65.00
CB-0417(1-10)	Employment-Related Practices Exclusion	
CB-0547(1-10)	Computer Fraud and Funds Transfer Fraud	\$44.00
CB-0564(1-15)	Conditional Exclusion of Terrorism (Relating to Disposition of Federal Act)	
CB-0577(4-10)	Fungi or Bacteria Exclusion (Liability)	
CB-0643R(4-06)	Illinois Changes - Defense Costs	
CB-1416(1-10)	Snow Plow Products-Completed Operations Hazard Coverage	
CB-1488(7-13)	Primary and Noncontributory - Other Insurance Condition	
CB-1504(5-14)	Exclusion-Access of Confidential or Personal Info/Data with Limited BI	
CB-7105(6-13)	Contractor's Equipment	\$1,943.00
CB-7197(9-18)	Illinois Changes	
CB-7201(1-19)	Property in the Course of Construction	\$2,416.00
CB-7237(8-19)	Exclusion - Habitational Exterior Finish Systems	
CB-7245(7-13)	Additional Insured Compl Ops Automatic Status (Owners, Lessees or Contractors)	\$153.00
CB-7256(10-03)	Exclusion - Designated Operations Covered by a Consolidated (Wrap Up) Ins. Prog	
CB-7296(1-15)	Cap on Losses from Certified Acts of Terrorism - Property	\$93.00
CB-7298(1-15)	Exclusion of Punitive Damages Related to a Certified Act of Terrorism	
CB-7299(1-15)	Cap on Losses from Certified Acts of Terrorism - Liability	\$122.00
CB-7331(10-01)	Additional Insured - Owners, Lessees or Contractors - Scheduled Person	\$300.00

Form Number	Form Title	Premium
CB-7333(10-01)	Additional Insd Compl Operations Scheduled (Owners, Lessees or Contractors)	\$200.00
CB-7406(6-15)	Exclusion - Unmanned Aircraft	
CB-7410(8-15)	Civil Authority Changes	
CB-7433(7-13)	Additional Insured - Owners, Lessees or Contractors - Automatic Status	\$459.00
CB-7439(3-21)	Acuity Property Enhancements - Gold	\$200.00
CB-7457(8-20)	Acuity Liability Enhancements - Gold	\$342.00
IL-7002(10-90)	Notice of Cancellation Endorsement	
IL-7012(3-14)	Asbestos Exclusion	
IL-7082(12-20)	Disclosure Pursuant to Terrorism Risk Insurance Act	
IL-7149(7-20)	Cyber Suite Coverage	\$352.00
IL-7150(7-20)	Illinois Changes - Cyber Suite Coverage	
IL-7151(7-20)	Cyber Suite Schedule	

Advance Endorsement Premium **\$6,689.00**

PREMIUM SUMMARY

Advance Premium \$13,504.00

Advance Endorsement Premium \$6,689.00

Total Advance Premium **\$20,193.00**

The Total Advance Premium shown above is based on the exposures you anticipated at the time this coverage part began. We will audit this coverage part in accordance with the Bis-Pak® Liability and Medical Expenses General Condition entitled Premium Audit - Business Liability at the close of the audit period.

PROPERTY COVERAGES PROVIDED

Form: Deluxe

Coverage Item	Premises Number	Building Number	Valuation Basis	Limit of Insurance	Automatic Increase Percentage
Business Personal Property Deductible: \$500 Optional Coverages Deductible: \$500	001	001	Replacement Cost	\$166,125	4%

DESCRIPTION OF PREMISES

Premises Number	Building Number	Construction, Occupancy and Location
001	001	MASONRY NONCOMBUSTIBLE OFFICE WAREHOUSE 5710 N NORTHWEST HWY CHICAGO IL

MORTGAGEHOLDER NAME AND ADDRESS

NONE

LIABILITY COVERAGES PROVIDED

Coverage Item	Limit of Insurance
Liability and Medical Expenses (Each Occurrence)	\$1,000,000
Medical Expenses (Any One Person)	\$25,000
Damage to Premises Rented to You	\$300,000
Products-Completed Operations Aggregate Limit	\$3,000,000
General Aggregate Limit (Other Than Products-Completed Operations)	\$3,000,000

SCHEDULE OF LIABILITY CLASSIFICATION

Premises Number	Building Number	Classification Description	Class Code	Premium Basis¹	Rate
001	001	Electrical Work - Within Buildings	92478	\$1,074,807 PA	11.35
001	001	Contractors-Subcontracted Work	91585	\$7,644 TC	4.84
001	001	Communication Equipment Installation	91551	If Any PA	9.11

¹ PA = Payroll - Rate Applies Per \$1,000 of Payroll

TC = Total Cost - Rate Applies Per \$1,000 of Total Cost

OPTIONAL COVERAGES PROVIDED

Coverage Item	Limit of Insurance
Employee Dishonesty	\$50,000
Scheduled Contractors' Equipment - Actual Cash Value	See CB-7105
Unscheduled Contractors' Equipment - Actual Cash Value	See CB-7105
Contractors' Rented Tools - Actual Cash Value	See CB-7105
Property in the Course of Construction	See CB-7201
Acuity Liability Enhancements - Gold	See CB-7457
Acuity Property Enhancements - Gold	See CB-7439

Coverage Item	Premises Number	Building Number	Limit of Insurance
Business Income and Extra Expense	001	001	Actual Loss Sustained

BIS-PAK PLAN

Contractors

AUDIT PERIOD

Annual

ADDITIONAL NAMED INSUREDS

WHO IS AN INSURED includes the following Additional Named Insureds:

NONE

FIRST NAMED INSURED IS:

ORGANIZATION OTHER THAN PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY

DELUXE BIS-PAK® PROPERTY COVERAGE FORM

Index of Policy Provisions

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DELUXE BIS-PAK® PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the

Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in italics have special meaning. Refer to the Property Definitions Section.

PROPERTY COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property includes Buildings as described under item a below, Business Personal Property as described under item b below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under item 2, Property Not Covered.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Garages, storage buildings, appurtenant structures usual to your occupancy;
- (3) Fixtures, including outdoor fixtures;
- (4) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (5) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (6) Personal property owned by you that is used to maintain or service the buildings, structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering.
- (7) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures; and
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions,

alterations or repairs to the buildings or structures.

b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment and Valuation Property Loss Condition 5g(3)(b);
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under paragraph 1b(2); and
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. *Money* or *securities*, except as provided in the:
 - (1) Money and Securities Coverage Extension; or
 - (2) Employee Dishonesty Optional Coverage.
- c. Contraband or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;

- e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than *stock* of trees, shrubs or plants), all except as provided in the:
 - (1) Outdoor Property Coverage Extension; or
 - (2) Outdoor Signs Optional Coverage;
 - f. Watercraft (including motors, equipment and accessories) while afloat;
 - g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or *valuable papers and records*; except as otherwise provided in this policy;
 - h. *Computer(s)* which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to *computer(s)* while held as *stock*;
 - i. *Electronic Data*, except as provided under Additional Coverages - Electronic Data. This paragraph i does not apply to your *stock* of prepackaged software.
 - j. Animals, unless owned by others and boarded by you, or if owned by you, only as *stock* while inside of buildings.
3. Covered Causes of Loss
- Risks of Direct Physical Loss unless the loss is:
- a. Excluded in Property Exclusions; or
 - b. Limited in paragraph 4, Limitations; that follow.
4. Limitations
- a. We will not pay for loss of or damage to:
 - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Extension of Coverage for Money and Securities.
 - b. We will not pay for loss of or damage to the following types of property unless caused by the *specified causes of loss* or building glass breakage:
 - (1) Animals, and then only if they are killed or their destruction is made necessary.
 - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
 - (a) Glass that is part of the exterior or interior of a building or structure;
 - (b) Containers of property held for sale; or
 - (c) Photographic or scientific instrument lenses.
 - c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.
5. Additional Coverages
- a. Debris Removal
 - (1) Subject to paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that

occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- (2) Debris removal does not apply to costs to:

- (a) Extract *pollutants* from land or water; or
- (b) Remove, restore or replace polluted land or water.

- (3) Subject to the exceptions in paragraph (4) below, the following provisions apply:

- (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to paragraph (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

- (5) Examples

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000

Amount of Loss Payable \$49,500
(\$50,000 - \$500)

Debris Removal Expense \$10,000
Debris Removal Expense Payable \$10,000

(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of paragraph (3).

Example #2

Limit of Insurance \$90,000
Amount of Deductible \$500
Amount of Loss \$80,000
Amount of Loss Payable \$79,500
(\$80,000 - \$500)

Debris Removal Expense \$30,000

Debris Removal Expense Payable

Basic Amount \$10,500
Additional Amount \$10,000

The basic amount payable for debris removal expense under the terms of paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Pollutant Clean Up and Removal

We will pay your expense to extract

pollutants from land or water at the described premises if the discharge, dispersal seepage, migration, release or escape of the *pollutants* is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of *pollutants*. But we will pay for testing which is performed in the course of extracting the *pollutants* from the land or water.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

c. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

We will not pay for any loss or damage under this Additional Coverage if the Covered Property was moved from the described premises to preserve it from loss or damage by a cause of loss that is not a Covered Cause of Loss.

d. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500, unless a different limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

e. Collapse

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in paragraphs e(1) through e(7).

- (1) For the purpose of this Additional Coverage - Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

- (2) We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:

- (a) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (b) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- (c) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- (d) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (i) A cause of loss listed in paragraph (2)(a) or (2)(b);
 - (ii) One or more of the *specified causes of loss*;
 - (iii) Breakage of building glass;
 - (iv) Weight of people or personal property; or
 - (v) Weight of rain that collects on a roof.

- (3) This Additional Coverage - Collapse does not apply to:

- (a) A building or any part of a building that is in danger of falling down or caving in;
- (b) A part of a building that is standing, even if it has separated from another part of the building; or
- (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (4) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;

- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in paragraphs (2)(a) through (2)(d), we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (5) If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
 - (a) The collapse of personal property was caused by a cause of loss listed in paragraphs (2)(a) through (2)(d) of this Additional Coverage;
 - (b) The personal property which collapses is inside a building; and
 - (c) The property which collapses is not of a kind listed in paragraph (4), regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this paragraph (5) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- (6) This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
 - (7) This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this policy.
 - (8) The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in paragraphs e(1) through e(7).
- f. Water, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water

or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage, but we will pay the cost to repair or replace damaged parts or fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
 - (2) Is directly caused by freezing.
- g. Business Income and Extra Expense

- (1) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your *operations* during the *period of restoration*. The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
 - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (2) Business income means the:
- (a) Net income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
 - (b) Continuing normal operating expenses incurred, including payroll.
- (3) We will pay necessary Extra Expense you incur during the *period of restoration* that you would not have incurred if there had been no direct physical loss or damage to property at the described

premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
 - (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (4) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue *operations*:
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue *operations*.
 - (c) To:
 - (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged *valuable papers and records*;

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.
- (5) We will only pay for Loss of Business Income or Extra Expense that you sustain during the *period of restoration* and that occurs within 12 consecutive months after the date of direct physical loss or damage. Items (1) through (5) of this Additional Coverage are not subject to the Limits of Insurance.
- (6) Extended Business Income. If the necessary suspension of your *operations* produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and *operations* are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your *operations*, with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

- (7) With respect to the coverage provided in this Additional Coverage, suspension means:
 - (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
 - (8) This Additional Coverage is not subject to the Limits of Insurance.
- h. Civil Authority
- When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:
- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
 - (2) The action of civil authority is taken in response to dangerous physical

conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority coverage for Business Income ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance.

i. Money Orders and Counterfeit Money

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, *money* or services:

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) *Counterfeit money* that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

j. Forgery and Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in *money*, that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in *money*, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.

- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit of Insurance is shown in the Declarations.

k. Increased Cost of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in k(3) through k(9) of this Additional Coverage.
- (3) The ordinance or law referred to in k(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You are required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by *pollutants* or due to the presence, growth, proliferation, spread or any activity of *fungi*, wet rot or dry rot; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of *pollutants*, *fungi*, wet rot or dry rot.

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Property Loss Condition in this Coverage Form do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in k(6) of this Additional Coverage, is not subject to such limitation.

I. Business Income From Dependent Properties

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of

Loss.

However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to *electronic data*, including destruction or corruption of *electronic data*. If the dependent property sustains loss or damage to *electronic data* and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit of Insurance is indicated in the Declarations.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume *operations*, in whole or in part, by using any other available:
 - (a) Source of materials; or
 - (b) Outlet for your products.
- (3) If you do not resume *operations*, or do not resume operations as quickly as possible, we will pay based on the length of time it would have taken to resume *operations* as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
 - (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
 - (b) Accept your products or services;
 - (c) Manufacture your products for delivery to your customers under contract for sale; or
 - (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.
- (5) The coverage period for Business Income under this Additional Coverage:
 - (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in paragraph (5), does not

include any increased period required due to the enforcement of any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*.

The expiration date of this policy will not reduce the Business Income coverage period.

- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

m. Glass Expenses

- (1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- (2) We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

n. Fire Extinguisher Systems Recharge Expense

- (1) We will pay:
 - (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
 - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

o. Water Backup of Sewers or Drains - Computers

- (1) We will pay for loss or damage to *computer(s)* and *electronic media and records* caused by or resulting from water

that backs up, or overflows from a sewer, drain or sump.

- (2) Property Exclusions item g(3) does not apply to this Additional Coverage.

p. Electronic Data

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore *electronic data* which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that *electronic data* is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the *electronic data* was stored, with blank media of substantially identical type.
- (2) The Covered Causes of Loss applicable to Business Personal Property include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including *electronic data*) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including *electronic data*) by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage - Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

q. Interruption of Computer Operations

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance

that applies to Business Income and Extra Expense to apply to a suspension of *operations* caused by an interruption in computer operations due to destruction or corruption of *electronic data* due to a Covered Cause of Loss.

(2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

(a) Coverage under this Additional Coverage - Interruption of Computer Operations is limited to the *specified causes of loss* and Collapse.

(b) If the Deluxe Bis-Pak® Property Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.

(c) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including *electronic data*) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

(3) The most we will pay under this Additional Coverage - Interruption of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

(4) This Additional Coverage - Interruption of

Computer Operations does not apply to loss sustained or expense incurred after the end of the *period of restoration* even if the amount of insurance stated in (3) above has not been exhausted.

(5) Coverage for Business Income does not apply when a suspension of *operations* is caused by destruction or corruption of *electronic data*, or any loss or damage to *electronic data*, except as provided under paragraphs (1) through (4) of this Additional Coverage.

(6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of *operations* caused by destruction or corruption of *electronic data*, or any loss or damage to *electronic data*, except as provided under paragraphs (1) through (4) of this Additional Coverage.

r. Limited Coverage for *Fungi*, Wet Rot Or Dry Rot

(1) The coverage described in paragraphs r(2) and r(6) only applies when the *fungi*, wet rot or dry rot are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

(a) A *specified cause of loss* other than fire or lightning; or

(b) Flood, if the Flood Damage Endorsement applies to the affected premises.

(2) We will pay for loss or damage by *fungi*, wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:

(a) Direct physical loss or damage to Covered Property caused by *fungi*, wet rot or dry rot, including the cost or removal of the *fungi*, wet rot or dry rot;

(b) The cost to tear out and replace any part of the building or other property as needed to gain access to the *fungi*, wet rot or dry rot; and

(c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that *fungi*, wet rot or dry rot are present.

(3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of

all loss of damage arising out of all occurrences of *specified causes of loss* (other than fire or lightning) and flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in *fungi*, wet rot or dry rot, we will not pay more than the total of \$15,000 even if the *fungi*, wet rot or dry rot continue to be present or active, or recur, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by *fungi*, wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by *fungi*, wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that *fungi*, wet rot or dry rot cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage

provided under the Water Damage, Other Liquids, Powder or Molten Material Damage or Collapse Additional Coverages.

- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of *operations* satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.

(a) If the loss which resulted in *fungi*, wet rot or dry rot does not in itself necessitate a suspension of *operations*, but such suspension is necessary due to loss or damage to property caused by *fungi*, wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

(b) If a covered suspension of *operations* was caused by loss or damage other than *fungi*, wet rot or dry rot, but remediation of *fungi*, wet rot or dry rot prolongs the *period of restoration*, we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the *period of restoration*), but such coverage is limited to 30 days. The days need not be consecutive.

PROPERTY EXTENSIONS OF COVERAGE

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

1. Newly Acquired or Constructed Property

a. Buildings

You may extend the insurance that applies to Buildings to apply to:

- (1) Your new buildings or new additions, while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or

(b) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 for each building.

b. Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (1) Business Personal Property, including such property that you newly acquire, at any location you acquire;
- (2) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (3) Business Personal Property that you newly acquire, located at the described premises.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

c. Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

2. Personal Effects and Property of Others

- a. You may extend the insurance that applies to Business Personal Property to apply to:

(1) Your personal effects meaning personal property owned by you, your officers, your partners or *members*, your *managers* or your employees. This Extension does not apply to loss or damage by theft or to tools or equipment used in your business.

(2) Personal property in your care, custody or control belonging to other than you, your officers, your partners or *members*, your *managers* or your employees.

- b. The most we will pay for loss or damage under this Extension is \$5,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

3. Property Off-Premises

- a. You may extend the insurance provided by this policy to apply to your Covered Property, other than *money* and *securities*, *valuable papers and records* or accounts receivable, while it is in the course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000. This Extension does not apply to Covered Property in or on a vehicle.

- b. However, under this Extension, we will pay for loss or damage to *computer(s)* up to the Business Personal Property Limit shown in the Declarations.

4. Property in Transit

You may extend the insurance that applies to Business Personal Property to apply to your personal property in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

The most we will pay for loss or damage under this Extension is \$10,000. However, under this Extension, we will pay for loss or damage to *computer(s)* up to the Business Personal Property Limit shown in the Declarations.

5. Outdoor Property

- a. You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than *stock* of trees, shrubs or plants), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$2,500 unless a higher Limit of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

6. Valuable Papers and Records

- a. You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to *valuable papers and records* that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore lost information on *valuable papers and records* for which duplicates do not exist.

- b. This Coverage Extension does not apply to:

- (1) Property held as samples or for delivery after sale; and
- (2) Property in storage away from the premises shown in the Declarations.

- c. The most we will pay under this Coverage Extension for loss or damage to *valuable papers and records* in any one occurrence at the described premises is \$10,000 unless a higher Limit of Insurance for *Valuable Papers and Records* is shown in the Declarations.

For *valuable papers and records* not at the described premises, the most we will pay is \$5,000.

- d. Loss or damage to *valuable papers and records* will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the *valuable papers and records* are not restored, the *valuable papers and records* will be valued at the cost of replacement with blank materials of substantially identical type.
- e. Property Exclusions does not apply to this Coverage Extension except for:
 - (1) 1c, Governmental Action;
 - (2) 1d, Nuclear Hazard;
 - (3) 1f, War and Military Action;
 - (4) 2f, Dishonesty;
 - (5) 2g, False Pretense;
 - (6) Paragraph 2m(2), Errors or Omissions; and
 - (7) 3.

7. Accounts Receivable

- a. You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payments of these amounts;
 - (3) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.
 - b. The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for Accounts Receivable is shown in the Declarations.
- For accounts receivable not at the described premises, the most we will pay is \$5,000.
- c. Property Exclusions does not apply to this Coverage Extension except for:
 - (1) 1c, Governmental Action;
 - (2) 1d, Nuclear Hazard;

- (3) 1f, War and Military Action;
- (4) 2f, Dishonesty;
- (5) 2g, False Pretense;
- (6) 3; and
- (7) The Accounts Receivable Exclusion.

8. Money and Securities

- a. We will pay for loss of *money* and *securities* used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises or in transit between any of these places, resulting directly from:
 - (1) Theft, meaning any act of stealing;
 - (2) Disappearance; or
 - (3) Destruction.
- b. In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
 - (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any *money*-operated device unless the amount of *money* deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
 - (1) The limit shown in the Declarations for Inside the Premises for *money* and *securities* while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
 - (2) The limit shown in the Declarations for Outside the Premises for *money* and *securities* while anywhere else.
- d. All loss:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;

is considered one occurrence.
- e. You must keep records of all *money* and *securities* so we can verify the amount of any loss or damage.

PROPERTY EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

- a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

- b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But, if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust, or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

This exclusion applies regardless of whether any of the above, in paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

- c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

- d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But, if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

- e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not

have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage to *computer(s)* and *electronic data*.

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in

whole or in part, for any reason, to contain the water.

But if any of the above, in paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. *Fungi*, Wet Rot or Dry Rot

Presence, growth, proliferation, spread or any activity of *fungi*, wet rot or dry rot.

But if *fungi*, wet rot or dry rot result in a *specified cause of loss*, we will pay for the loss or damage caused by that *specified cause of loss*.

This exclusion does not apply:

- (1) When *fungi*, wet rot or dry rot result from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited Coverage for *Fungi*, Wet Rot or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

i. Virus Or Bacteria

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in paragraph (1) does not apply to loss or damage caused by or resulting from *fungi*, wet rot or dry rot. Such loss or damage is addressed in Exclusion j;
- (3) With respect to any loss or damage subject to the exclusion in paragraph (1), such exclusion supersedes any exclusion relating to *pollutants*.

j. Certain Computer-Related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) *Computer* hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
 - (ii) *Computer* application software or other *electronic data* as may be described elsewhere in this policy;
 - (iii) *Computer* operating systems and related software;
 - (iv) *Computer* networks;

(v) Microprocessors (*computer* chips) not part of any *computer* system; or

(vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

(2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in paragraph (1) above.

If excluded loss or damage as described in paragraph 1a of this endorsement results in a *specified cause of loss*, we will pay only for the loss or damage caused by such *specified cause of loss*.

We will not pay for repair, replacement or modification of any items in paragraphs (1)(a) or (1)(b) endorsement to correct any deficiencies or change any features.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical Apparatus

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to *computer(s)* due to artificially generated electrical, magnetic or electromagnetic

energy if such loss or damage is caused by or results from:

(1) An occurrence that took place within 100 feet of the described premises; or

(2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Steam Apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But, if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

e. Frozen Plumbing

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

f. Dishonesty

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, *members*, officers, *managers*, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

With respect to accounts receivable and *valuable papers and records*, this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

h. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

i. Collapse

(1) Collapse, including any of the following conditions of property or any part of the property:

- (a) An abrupt falling down or caving in;
- (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to paragraph i(1)(a) or i(1)(b).

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

(2) This Exclusion i, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage - Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The *specified causes of loss*;
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

j. Pollution

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of *pollutants* unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the *specified causes of loss*. But, if the discharge, dispersal, seepage, migration, release or escape of *pollutants* results in a *specified cause of loss*, we will pay for the loss or damage caused by that *specified cause of loss*.

k. Neglect

Neglect of an insured to use all reasonable

means to save and preserve property from further damage at and after the time of loss.

I. Other Types of Loss

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.
This exclusion does not apply with respect to the breakdown of *computer(s)*;
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But, if an excluded cause of loss that is listed in 2I(1) through (7) results in a *specified cause of loss*, or building glass breakage, we will pay for the loss or damage caused by that *specified cause of loss* or building glass breakage.

m. Errors or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under *electronic data* or in any *computer* operations; or
- (2) Processing or copying *valuable papers and records*.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your *computer* system including *electronic data*.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of *electronic data*, except as provided for under the Additional Coverages section.

However, we will pay for direct loss or damage caused by lightning.

p. Continuous or Repeated Seepage or Leakage of Water

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

3. We will not pay for loss or damage caused by or resulting from any of the following 3a through c. But if an excluded cause of loss that is listed in 3a through c results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1 above to produce the loss or damage.

b. Acts or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work

Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion.

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of

the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

5. Business Income and Extra Expense Exclusions

a. We will not pay for:

(1) Any Extra Expense or increase of Business Income loss, caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming *operations*, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of *operations*, we will cover such loss that affects your Business Income during the *period of restoration* and any extension of the *period of restoration* in accordance with the terms of the Extended Business Income Additional Coverage.

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities; and

(2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of *money*, *securities* or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

PROPERTY LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance:
 - a. Fire Department Service Charge;
 - b. Pollutant Clean-up And Removal;
 - c. Increased Cost Of Construction;
 - d. Business Income From Dependent Properties;
 - e. Electronic Data; and
 - f. Interruption Of Computer Operations.

4. Building Limit - Automatic Increase

- a. In accordance to paragraph 4b, the Limit of Insurance for Buildings will automatically increase by 6%, unless a different percentage of annual increase is shown in the Declarations.
- b. The amount of increase is calculated as follows:
 - (1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit by:
 - (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or
 - (b) .06, if no percentage of annual increase is shown in the Declarations; and
 - (2) Multiply the number calculated in accordance with b(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example:

If:

The applicable Building limit is \$100,000

The annual percentage increase is 8%

The number of days since the
beginning of the policy year
(or last policy change) is 180

The amount of increase is

$$\$100,000 \times .08 \times 180 \div 365 = \$3,945$$

5. Business Personal Property Limit - Seasonal Increase

- a. Subject to paragraph 5b, the Limit of Insurance for Business Personal Property is automatically increased by:

- (1) The Business Personal Property - Seasonal Increase percentage shown in the Declarations; or
- (2) 25% if no Business Personal Property - Seasonal Increase percentage is shown in the Declarations;

to provide for seasonal variances.

- b. This increase described in paragraph 5a will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- (1) The 12 months immediately preceding the date the loss or damage occurs; or
- (2) The period of time you have been in business as of the date the loss or damage occurs.

6. Business Personal Property Limit - Automatic Increase

- a. In accordance to paragraph 6b, the Limit of Insurance for Business Personal Property will automatically increase by 4%, unless a different percentage of annual increase is shown in the Declarations.

- b. The amount of increase is calculated as follows:

- (1) Multiply the Business Personal Property limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Business Personal Property limit by:

- (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or

- (b) .04, if no percentage of annual increase is shown in the Declarations; and

- (2) Multiply the number calculated in accordance with b(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Business Personal Property limit, divided by 365.

Example:

If:

The applicable Business Personal
Property limit is \$100,000
The annual percentage increase is 6%

The number of days since the
beginning of the policy year
(or last policy change) is 180
The amount of increase is
 $\$100,000 \times .06 \times 180 \div 365 =$ \$2,959

PROPERTY OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others but in your care, custody or control.
- b. Paragraph 3, Covered Causes of Loss, under the Property Coverages Section, and the Property Exclusions Section do not apply to this Optional Coverage, except for the following Property Exclusions:
 - (1) Paragraph 1c, Governmental Action;
 - (2) Paragraph 1d, Nuclear Hazard; and
 - (3) Paragraph 1f, War and Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
 - (1) Wear and tear;
 - (2) Hidden or latent defect;
 - (3) Rust;
 - (4) Corrosion; or
 - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property, including *money* and *securities*, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also

- (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.
- b. We will not pay for loss or damage:
 - (1) Resulting from any dishonest or criminal act that you or any of your partners or *members* commit whether acting alone or in collusion with other persons.
 - (2) Resulting from any dishonest act committed by any of your employees (except as provided in paragraph a), *managers* or directors:
 - (a) Whether acting alone or in collusion with other persons; or
 - (b) While performing services for you or otherwise.
 - (3) The only proof of which as to its existence or amount is:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of acts; is considered one occurrence.
- e. If any loss is covered:
 - (1) Partly by this insurance; and
 - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events

occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:

- (1) You; or
- (2) Any of your partners, *members*, *managers*, officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

- g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

- h. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

- (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
- (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- i. The insurance under paragraph h above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

- (1) This Optional Coverage as of its effective date; or
- (2) The prior insurance had it remained in effect.

- j. With respect to the Employee Dishonesty Optional Coverage in paragraph 2, employee means:

- (1) Any natural person:

- (a) While in your service or for 30 days after termination of service;

- (b) Whom you compensate directly by salary, wages or commissions; and

- (c) Whom you have the right to direct and control while performing services for you.

- (2) Any natural person who is furnished temporarily to you;

- (a) To substitute for a permanent employee as defined in paragraph (1) above, who is on leave; or

- (b) To meet seasonal or short-term work load conditions.

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in paragraph (2) above;

- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or

- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

- (2) Any *manager*, director or trustee except while performing acts coming within the usual duties of an employee.

PROPERTY DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

In the event that loss or damage occurs to Covered Property at one or more building locations as a result of one occurrence, the

largest applicable deductible shown in the Declarations will apply.

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:

- a. Money and Securities;

- b. Employee Dishonesty;
- c. Outdoor Signs; and
- d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

- 3. No deductible applies to the following Additional Coverages, Extensions of Coverage or Optional Coverages:
 - a. Fire Department Service Charge;
 - b. Business Income and Extra Expense;
 - c. Civil Authority;
 - d. Fire Extinguisher Systems Recharge Expense.

PROPERTY GENERAL CONDITIONS

1. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

2. Mortgageholders

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) Ten days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) Thirty days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses reasonably incurred to protect the Covered Property. We will consider these expenses in the settlement of a claim, but this will not increase the applicable Limit of Insurance. However, we will not consider any expenses incurred in order to protect the Covered Property from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and

undamaged property. Include quantities, costs, values and amount of loss claimed.

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- (9) Resume all or part of your *operations* as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date on which the direct physical loss or damage occurred.

5. Loss Payment and Valuation

In the event of loss or damage covered by this Coverage Form:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.

- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy and we have reached agreement with you on the amount of loss or an appraisal award has been made.
- g. Except as provided in (2) through (7) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, if Replacement Cost is indicated in the Declarations as the basis for valuation of the Covered Property.
 - (a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - (b) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of paragraph g(1) above whether or not the actual repair or replacement is complete.

 - (c) We will not pay more for loss or damage on a replacement cost basis than the least of:
 - (i) The cost to replace, on the same premises, the lost or damaged property with other property that is of comparable material and quality and is used for the same purpose.
 - (ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
 - (iii) The limit shown in the Declarations for the Covered Property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

 - (2) At actual cash value, if Actual Cash Value is indicated in the Declarations as the basis for valuation of the Covered Property. We will never pay more than the applicable limit shown in the Declarations.
 - (3) The following property at actual cash value:
 - (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;
 - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts; and
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
 - (4) Glass at the cost of replacement with safety glazing material if required by law.

- (5) *Money* at its face value.
- (6) Securities at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to Accounts Receivable:
- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to reestablish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment and Valuation Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery
- Against Others To Us Common Policy Condition.
6. Recovered Property
- If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.
7. Resumption of Operations
- We will reduce the amount of your:
- a. Business Income loss, other than Extra Expense, to the extent you can resume your *operations*, in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - b. Extra Expense loss to the extent you can return *operations* to normal and discontinue such Extra Expense.
8. Vacancy
- a. Description of Terms
 - (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (a) and (b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
 - (2) Buildings under construction or renovation are not considered vacant.
 - b. Vacancy Provisions
- If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;

- (e) Theft; or
- (f) Attempted theft.

- (2) With respect to Covered Causes of Loss other than those listed in (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

PROPERTY DEFINITIONS

1. "*Computer*" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

Computer does not include those used to operate production type machinery or equipment.

2. "*Counterfeit money*" means an imitation of *money* that is intended to deceive and to be taken as the original.
3. "*Electronic data*" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of *electronic data*, means a set of related electronic instructions which direct the operations and functions of a *computer* or device connected to it, which enable the *computer* or device to receive, process, store, retrieve or send data.
4. "*Fungi*" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by *fungi*.
5. "*Manager*" means a person serving in a directorial capacity for a limited liability company.
6. "*Member*" means an owner of a limited liability company represented by its membership interest, who also may serve as a *manager*.
7. "*Money*" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and

money orders held for sale to the public.

8. "*Operations*" mean your business activities occurring at the described premises.

9. "*Period of restoration*" means the period of time that:

a. Begins:

- (1) 24 hours after time of direct physical loss or damage for Business Income coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

Caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of *pollutants*.

The expiration date of this policy will not cut short the *period of restoration*.

10. "*Pollutants*" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

11. "*Securities*" means negotiable and nonnegotiable instruments or contracts representing either *money* or other property and includes:

- a. Tokens, tickets, revenue and other stamps

(whether represented by actual stamps or unused value in a meter) in current use; and

- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include *money*.

12. "*Specified causes of loss*" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss of or damage to:

- (1) Personal Property in the open; or
- (2) The interior of a building or structure or

property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

13. "*Stock*" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

14. "*Valuable papers and records*" means inscribed, printed, or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But *valuable papers and records* does not mean *money* or *securities*.

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

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BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under the Who Is An Insured Section of this policy.

Other words and phrases that appear in italics have special meaning. Refer to the Liability and Medical Expenses Definitions Section.

LIABILITY AND MEDICAL EXPENSES COVERAGES

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of *bodily injury*, *property damage* or *personal and advertising injury* to which this insurance applies. We will have the right and duty to defend the insured against any *suit* seeking those damages. However, we will have no duty to defend the insured against any *suit* seeking damages for *bodily injury*, *property damage* or *personal and advertising injury* to which this insurance does not apply. We may at our discretion investigate any *occurrence* or any offense and settle any claim or *suit* that may result. But:

- (1) The amount we will pay for damages is limited as described in the Liability and Medical Expenses Limits of Insurance Section; and
- (2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments, settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Coverage Extension - Supplementary Payments.

b. This insurance applies:

- (1) To *bodily injury* or *property damage* only if:
 - (a) The *bodily injury* or *property damage* is caused by an *occurrence* that takes place in the *coverage territory*; and
 - (b) The *bodily injury* or *property damage* occurs during the policy period.
 - (c) Prior to the policy period, no insured listed under item 1 of Who Is An Insured and no *employee* authorized by you to give or receive notice of an *occurrence* or claim, knew that the *bodily injury* or *prop-*

erty damage had occurred, in whole or in part. If such a listed insured or authorized *employee* knew, prior to the policy period, that the *bodily injury* or *property damage* occurred, then any continuation, change or resumption of such *bodily injury* or *property damage* during or after the policy period will be deemed to have been known before the policy period.

- (2) To *personal and advertising injury* caused by an offense arising out of your business, but only if the offense was committed in the *coverage territory* during the policy period.

- c. *Bodily injury* or *property damage* which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under item 1 of Who Is An Insured or any *employee* authorized by you to give or receive notice of an *occurrence* or claim, includes any continuation, change or resumption of *bodily injury* or *property damage* after the end of the policy period.

- d. *Bodily injury* or *property damage* will be deemed to have been known to have occurred at the earliest time when any insured listed under item 1 of Who Is An Insured or any *employee* authorized by you to give or receive notice of an *occurrence* or claim:

- (1) Reports all, or any part, of the *bodily injury* or *property damage* to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the *bodily injury* or *property damage*; or
- (3) Becomes aware by any other means that *bodily injury* or *property damage* has occurred or has begun to occur.

- e. Damages because of *bodily injury* include damages claimed by any person or organization for care, loss of services or death resulting at any time from the *bodily injury*.

f. Coverage Extension - Supplementary Payments

(1) We will pay, with respect to any claim we investigate or settle, or any *suit* against an insured we defend:

- (a) All expenses we incur.
- (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for *bodily injury* applies. We do not have to furnish these bonds.
- (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or *suit*, including actual loss of earnings up to \$250 a day because of time off from work.
- (e) All court costs taxed against the insured in the *suit*. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability.

(2) If we defend an insured against a *suit* and an indemnitee of the insured is also named as a party to the *suit*, we will defend that indemnitee if all of the following conditions are met:

- (a) The *suit* against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an insured *contract*;
- (b) This insurance applies to such liability assumed by the insured;

(c) The obligation to defend, or the cost of the defense of, that indemnitee has also been assumed by the insured in the same *insured contract*;

(d) The allegations in the *suit* and the information we know about the *occurrence* are such that no conflict appears to exist between the interests of the insured and the interest of the indemnitee;

(e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such *suit* and agree that we can assign the same counsel to defend the insured and the indemnitee; and

(f) The indemnitee:

(i) Agrees in writing to:

- i. Cooperate with us in the investigation, settlement or defense of the *suit*;
- ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the *suit*;
- iii. Notify any other insurer whose coverage is available to the indemnitee; and
- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(ii) Provides us with written authorization to:

- i. Obtain records and other information related to the *suit*; and
- ii. Conduct and control the defense of the indemnitee in such *suit*.

(3) So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph 1b(2) of Exclusions, such payments will not be deemed to be damages for *bodily injury* and *property damage* and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in paragraph (2)(f) above, are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for *bodily injury* caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
 provided that:

- (1) The accident takes place in the *coverage territory* and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:
 - (1) First aid at the time of an accident;
 - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

EXCLUSIONS

1. Applicable to Business Liability Coverage

This Insurance does not apply to:

a. Expected or Intended Injury

Bodily injury or *property damage* expected or intended from the standpoint of the insured. This exclusion does not apply to *bodily injury* resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

Bodily injury or *property damage* for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an *insured contract*, provided the *bodily injury* or *property damage* occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an *insured contract*, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of *bodily injury* or *property damage*, provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same *insured contract*; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

Bodily injury or *property damage* for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing of alcoholic beverages.

d. Workers' Compensation and Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employers' Liability

Bodily injury to:

- (1) An employee of the insured arising out of and in the course of:

- (a) Employment by the insured; or
- (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an *insured contract*.

f. Pollution

- (1) *Bodily injury or property damage* arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of *pollutants*:

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) *Bodily injury* if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
- (ii) *Bodily injury or property damage* for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
- (iii) *Bodily injury or property damage* arising out of heat, smoke or fumes from a *hostile fire*;

- (b) At or from any premises, site or location which is or was at any

time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the *pollutants* are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

- (i) *Bodily injury or property damage* arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of *mobile equipment* or its parts if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

- (ii) *Bodily injury or property damage* sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

- (iii) *Bodily injury or property damage* arising out of heat, smoke or fumes from a *hostile fire*.

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, *pollutants*.
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand or order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*; or
 - (b) Claim or *suit* by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of *pollutants*.

However, this paragraph does not apply to liability for damages because of *property damage* that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or *suit* by or on behalf of a governmental authority.

g. Aircraft, Auto or Watercraft

Bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any aircraft, *auto* or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and *loading or unloading*.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the *occurrence* which caused the *bodily injury or property damage* involved the ownership, maintenance, use or entrustment to others of any aircraft, *auto* or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) Watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge.
- (3) Parking an *auto* on, or on the ways

next to premises you own or rent, provided the *auto* is not owned by or rented or loaned to you or the insured;

- (4) Liability assumed under any *insured contract* for the ownership, maintenance or use of aircraft or watercraft; or
- (5) *Bodily injury or property damage* arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of *mobile equipment* if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

Bodily injury or property damage arising out of:

- (1) The transportation of *mobile equipment* by an *auto* owned or operated by or rented or loaned to any insured; or
- (2) The use of *mobile equipment* in, or while in practice for, or while being prepared for, any prearranged racing, speed or stunting activity.

i. War

Bodily injury, property damage or personal and advertising injury, however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

j. Professional Services

Bodily injury, property damage or personal and advertising injury due to rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting, advertising, counseling, consulting services or funeral home services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;
- (5) Any health or therapeutic service, treatment, advice or instruction including but not limited to physiotherapy, massage, chiropody, or the operation or use of suntanning booths or equipment;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services, barber and beauty shops;
- (9) Services in the practice of pharmacy, but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.
- (10) Services in connection with the selling, licensing, franchising or furnishing of your computer software including electronic data processing programs, designs, specifications, manuals and instructions.
- (11) Data processing services rendered by, or that should have been rendered by:
 - (a) The insured; or
 - (b) Any person or organization:
 - (i) For whose acts, errors or omissions the insured is legally responsible; or
 - (ii) From whom the insured assumed liability by reason of a contract or agreement.
- (12) The rendering of, or failure to render, electronic data processing, computer consulting or computer programming services, advice or instruction by:
 - (a) The insured; or

(b) Any person or organization:

- (i) For whose acts, errors or omissions the insured is legally responsible; or
- (ii) From whom the insured assumed liability by reason of a contract or agreement.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the *occurrence* which caused the *bodily injury or property damage*, or the offense which caused the *personal and advertising injury*, involved the rendering or failure to render of any professional service.

k. Damage to Property

Property damage to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the *property damage* arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of any insured;
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the *property damage* arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because *your work* was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to *property damage* (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in paragraph 3 under the Liability And Medical Expenses Limits Of Insurance Section.

Paragraph (2) of this exclusion does not apply if the premises are *your work* and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to *property damage* included in the *products-completed operations hazard*.

l. Damage to Your Product

Property damage to your product arising out of it or any part of it.

m. Damage to Your Work

Property damage to your work arising out of it or any part of it and included in the *products-completed operations hazard*.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage to Impaired Property or Property Not Physically Injured

Property damage to impaired property or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in *your product* or *your work*; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to *your product* or *your work* after it has been put to its intended use.

o. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) *Your product*;
- (2) *Your work*; or
- (3) *Impaired property*;

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. Personal and Advertising Injury

Personal and advertising injury:

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict *personal and advertising injury*;

- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your *advertisement*;
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your *advertisement*;
- (7) Arising out of the wrong description of the price of goods, products or services stated in your *advertisement*;
- (8) Committed by an insured whose business is:
 - (a) Advertising, broadcasting, publishing or telecasting;
 - (b) Designing or determining content of websites for others; or
 - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to paragraphs a, b and c of Definition 14 *Personal and advertising injury* under Liability And Medical Expenses Definitions.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting.

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of *pollutants* at any time.
- (10) With respect to any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way responding to, or assessing the effects of *pollutants*.
 - (b) Claim or suit by or on behalf of a

governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of *pollutants*.

- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your *advertisement*.

However, this exclusion does not apply to infringement, in your *advertisement*, of copyright, trade dress or slogan.

- (13) Arising out of the unauthorized use of another's name or product in your email address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

q. Suntanning Operations

Bodily injury, personal and advertising injury or property damage arising out of the ownership, operation or use of any suntanning booth or suntanning device.

r. Lead

Bodily injury, property damage, personal and advertising injury arising out of the actual, alleged or threatened ingestion, inhalation, absorption, exposure or presence of lead in any form or from any source.

Coverage also does not apply to any loss, cost, expense, fine or penalty arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, dispose of or in any way respond to or assess the effects of lead in any form; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, disposing of or in any way responding to or assessing the effects of lead in any form.

s. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy discs, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

t. Criminal Acts

Personal and advertising injury arising out of a criminal act committed by or at the direction of the insured.

u. Recording And Distribution Of Material Or Information In Violation Of Law

Bodily injury, property damage, or personal and advertising injury arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c, d, e, f, g, h, i, k, l, m, n, o and r do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in the Limits of Insurance Section of this Coverage Form.

2. Applicable to Medical Expenses Coverage

We will not pay expenses for *bodily injury*:

- a. To any insured, except *volunteer workers*.

- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
 - c. To a person injured on that part of premises you own or rent that the person normally occupies.
 - d. To a person, whether or not an *employee* of any insured, if benefits for the *bodily injury* are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
 - e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or taking part in athletic contests.
 - f. Included within the *products-completed operations hazard*.
 - g. Excluded under Business Liability Coverage.
3. Applicable to Both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to *bodily injury* or *property damage*:
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its Limit of Liability; or
 - (2) Resulting from the *hazardous properties* of *nuclear material* and with respect to which:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to *bodily injury* resulting from the *hazardous properties* of *nuclear material* and arising out of the operation of a *nuclear facility* by any person or organization.
- c. Under Business Liability Coverage, to *bodily*

injury or *property damage* resulting from the *hazardous properties* of *nuclear material*, if:

- (1) The *nuclear material*:
 - (a) Is at any *nuclear facility* owned by or operated by or on behalf of an insured; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The *nuclear material* is contained in *spent fuel* or *waste* at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) The *bodily injury* or *property damage* arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any *nuclear facility*, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to *property damage* to such *nuclear facility* and any property thereat.
- d. As used in this exclusion:
- "Byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- "Hazardous properties" include radioactive, toxic or explosive properties;
- "Nuclear facility" means:
- (1) Any *nuclear reactor*;
 - (2) Any equipment or device designed or used for:
 - (a) Separating the isotopes of uranium or plutonium;
 - (b) Processing or utilizing *spent fuel*; or
 - (c) Handling, processing or packaging *waste*;
 - (3) Any equipment or device used for the processing, fabricating or alloying of *special nuclear material* if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof or more than 250 grams of uranium 235;
 - (4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of *waste*;
- and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for

such operations;

"*Nuclear material*" means *source material*, *special nuclear material* or *byproduct material*;

"*Nuclear reactor*" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"*Property damage*" includes all forms of radioactive contamination of property;

"*Source material*" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"*Special nuclear material*" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"*Spent fuel*" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a *nuclear reactor*;

"*Waste*" means any waste material:

- (1) Containing *byproduct material* other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its *source material* content; and
- (2) Resulting from the operation by any person or organization of any *nuclear facility* included under paragraphs (1) and (2) of the definition of *nuclear facility*.

WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your *executive officers* and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your *volunteer workers* only while performing duties related to the conduct of your business, or your *employees* other than either your *executive officers* (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your

business. However, none of these *employees* or *volunteer workers* are insureds for:

- (1) *Bodily injury* or *personal and advertising injury*:
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-*employee* while in the course of his or her employment or performing duties related to the conduct of your business, or to your other *volunteer workers* while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-*employee* as a consequence of paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraphs (1)(a) or (b); or
 - (d) Arising out of his or her providing or failing to provide professional health care services. However, if you have *employees* who are pharmacists in your retail druggist or drugstore operation, they are insured with respect to their providing or failing to provide professional health care services; or
- (2) *Property damage* to property:
 - (a) Owned, occupied or used by; or
 - (b) Rented to, in the care, custody or control of, or over which physical

control is being exercised for any purpose by;

you, any of your *employees, volunteer workers*, any partner or member (if you are a partnership or joint venture) or any member (if you are a limited liability company).

- b. Any person (other than your *employee* or *volunteer worker*) or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. Any organization you newly acquire or form, other than a partnership, limited liability company or joint venture and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage does not apply to *bodily injury* or *property damage* that occurred before you acquired or formed the organization; and
- c. Coverage does not apply to *personal and advertising injury* arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or *suits* brought; or
 - c. Persons or organizations making claims or bringing *suits*.
2. The most we will pay for the sum of all damages because of all:
 - a. *Bodily injury, property damage* and medical expenses arising out of any one *occurrence*; and
 - b. *Personal and advertising injury* sustained by any one person or organization;

is the Liability and Medical Expenses Limit shown in the Declarations. But the most we will pay for all medical expenses because of *bodily injury* sustained by any one person is the Medical Expenses Limit shown in the Declarations.
3. The most we will pay under Business Liability Coverage for damages because of *property damage* to a premises while rented to you or in the case of a fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You Limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the Damage To Premises Rented To You Limit shown in the Declarations.
4. Aggregate Limits

- a. The Products-Completed Operations Aggregate Limit shown in the Declarations is the most we will pay for injury or damage under the *products-completed operations hazard* arising from all *occurrences* during the policy period.
- b. The General Aggregate Limit shown in the Declarations is the most we will pay for the sum of all damages because of all:
 - (1) *Bodily injury, property damage* and medical expenses arising from all *occurrences* during the policy year. This limit applies separately to:
 - (a) Each location owned by or rented to you. A location is a premises involving the same or connecting lots, or a premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad; and
 - (b) Each of your projects away from a location owned by or rented to you; or
 - (2) *Personal and advertising injury* arising out of all offenses committed during the policy period.

The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be

deemed part of the last preceding period for purposes of determining the Limits of Insurance.

LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

We have no duty to provide coverage under this Coverage Part unless you and any other involved insured have fully complied with the Conditions contained in this Coverage Part.

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties in the Event of Occurrence, Offense, Claim or Suit

a. You must see to it that we are notified as soon as practicable of an *occurrence* or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the *occurrence* or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the *occurrence* or offense.

b. If a claim is made or *suit* is brought against any insured, you must;

- (1) Immediately record the specifics of the claim or *suit* and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or *suit* as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or *suit*;
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the *suit*; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a *suit* asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Separation of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this policy to the First Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or *suit* is brought.

5. Premium Audit - Business Liability

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. If a premium payment is due, we will send notice to the First Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the First Named Insured.
- c. The First Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. "*Advertisement*" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding websites, only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "*Auto*" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, *auto* does not include *mobile equipment*.
3. "*Bodily injury*" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "*Coverage territory*" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in paragraph a above; or
 - c. All parts of the world if:

The injury or damage arises out of:

 - (1) Goods or products made or sold by you in the territory described in a above; or
 - (2) The activities of a person whose home is in the territory described in a above, but is away for a short time on your business; and
 - (3) "*Personal and advertising injury*" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a *suit* on the merits in the territory described in a above or in a settlement we agree to.
5. "*Employee*" includes a *leased worker*. *Employee* does not include a *temporary worker*.
6. "*Executive officer*" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "*Hostile fire*" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "*Impaired property*" means tangible property, other than *your product* or *your work*, that cannot be used or is less useful because:
 - a. It incorporates *your product* or *your work* that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

 - a. The repair, replacement, adjustment or removal of *your product* or *your work*; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "*Insured contract*" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an *insured contract*.
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement; or
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for *bodily injury* or *property damage* to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f does not include that part of any contract or agreement;

 - (1) That indemnifies a railroad for *bodily injury* or *property damage* arising out of

construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection or engineering services.

10. "*Leased worker*" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. *Leased worker* does not include a *temporary worker*.

11. "*Loading or unloading*" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or *auto*;

b. While it is in or on an aircraft, watercraft or *auto*; or

c. While it is being moved from an aircraft, watercraft or *auto* to the place where it is finally delivered.

But *loading or unloading* does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or *auto*.

12. "*Mobile equipment*" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers.

e. Vehicles not described in a, b, c or d above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers.

f. Vehicles not described in a, b, c or d above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not *mobile equipment* but will be considered *autos*:

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning.

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, *mobile equipment* does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered *autos*.

13. "*Occurrence*" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "*Personal and advertising injury*" means injury, including consequential *bodily injury*, arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or

organization or disparages a person's or organization's goods, products or services;

- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your *advertisement*; or
 - g. Infringing upon another's copyright, trade dress or slogan in your *advertisement*.
15. "*Pollutants*" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "*Products-completed operations hazard*":

- a. Includes all *bodily injury* and *property damage* occurring away from premises you own or rent and arising out of *your product* or *your work* except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, *your work* will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The *bodily injury* or *property damage* must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of *your product* for consumption on premises you own or rent.

- b. Does not include *bodily injury* or *property damage* arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the *loading or unloading* of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "*Property damage*" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the *occurrence* that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "*Suit*" means a civil proceeding in which damages because of *bodily injury*, *property damage*, or *personal and advertising injury* to which this insurance applies are alleged. *Suit* includes:

- a. An arbitration proceeding in which such damages are claimed and to which the *insured* must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the *insured* submits with our consent.

19. "*Temporary worker*" means a person who is furnished to you to substitute for a permanent *employee* on leave or to meet seasonal or short-term workload conditions.

20. "*Volunteer worker*" means a person who is not your *employee*, and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "*Your product*" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Your product includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of *your product*; and
- b. The providing of or failure to provide warnings or instructions.

Your product does not include vending machines or other property rented to or located for the use of others but not sold.

22. "*Your work*" means:

- a. Work or operations performed by you or on

your behalf; and

- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of *your work*; and
- b. The providing of or failure to provide warnings or instructions.

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BIS-PAK® COMMON POLICY CONDITIONS

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COVERAGES			

BIS-PAK® COMMON POLICY CONDITIONS

All coverages of this Coverage Part are subject to the following conditions.

A. CANCELLATION

1. The First Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the First Named Insured written notice of cancellation at least:
 - a. Ten days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. Thirty days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the First Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the First Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the First Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The First Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and

records as they relate to this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1 and 2 of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2 of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

H. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering

on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1 above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
3. Business Liability Coverage is excess over:
 - a. Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (1) That is Fire, Extended Coverage, Builders' Risk, Installation Risk or similar coverage for *your work*;
 - (2) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner; or
 - (3) If the loss arises out of the maintenance or use of aircraft, *autos* or watercraft to the extent not subject to Exclusion g.
 - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.
4. When Business Liability Coverage is excess, we will have no duty to defend the insured against any *suit* if any other insurer has a duty to defend the insured against that *suit*. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When Business Liability Coverage is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- a. The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- b. The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

I. PREMIUMS

1. The First Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
 3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with paragraph 2 above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.
 4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Applicable to Property coverage:

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at the time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Liability coverage:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring *suit* or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper tem-

porary custody of your property will have your rights and duties but only with respect to that property.

L. REPRESENTATIONS

By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

M. WHEN WE DO NOT RENEW

If we elect not to renew this policy, we will mail or deliver to the First Named Insured shown in the Declarations written notice of the non-renewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

ILLINOIS CHANGES - CONTRACTORS - HOME REPAIR AND REMODELING

CB-0162(6-00)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

1. The following is added to Liability and Medical Expenses Coverages:

COVERAGE - HOME REPAIR OR REMODELING LIABILITY

a. Insuring Agreement

- (1) We will pay those sums that the insured becomes legally obligated to pay as damages because of *improper home repair and remodeling* to which this insurance applies. We will have the right and duty to defend the insured against any *suit* seeking those damages. However, we will have no duty to defend the insured against any *suit* seeking damages to which this insurance does not apply. We may, at our discretion, investigate any incident and settle any claim or *suit* that may result. But:

- (a) The most we will pay for damages for *improper home repair and remodeling* at any one *residence* is \$10,000, in excess of a \$500 deductible.

- (b) Our right and duty to defend end when we have used up that amount in the payment of judgments or settlements for *improper home repair and remodeling*.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- (2) This insurance applies to *improper home repair and remodeling* only if:
 - (a) The *improper home repair and remodeling* takes place in the State of Illinois; and
 - (b) The *improper home repair and remodeling* was performed by the insured during the policy period.
 - (c) The insured issued a written contract or work order prior to initiating the *home repair and remodeling*. However, this only applies if the estimated cost of the *home repair and remodeling* was over \$1,000.
- (3) All *improper home repair and remodeling* performed by you at any one *residence* will be deemed to have been performed at the time any *home repair and remodeling* that is determined to

not be in conformance with applicable State, county or municipal building codes at that *residence* was first performed.

2. The following is added to Exclusions and applies only to the coverage provided under this endorsement:

a. Applicable to Business Liability Coverage

This insurance does not apply to:

- (1) Expected or Intended Injury

Improper home repair and remodeling knowingly performed by the insured.

- (2) Contractual Liability

Improper home repair and remodeling for which the insured is obligated to pay damages by reason of the assumption of liability for damages that the insured would have in the absence of the contract or agreement.

- (3) Fines and Penalties

Any fines, penalties, punitive or exemplary or other non-compensatory damages imposed upon the insured.

However, if we defend the insured against a *suit* seeking damages for *improper home repair and remodeling* and the *suit* seeks both compensatory and punitive or exemplary damages, we will afford a defense to such actions, but will not be liable for any punitive or exemplary damages.

- (4) Owned Property

Improper home repair and remodeling performed at any *residence* owned by, rented or leased by the insured.

- (5) Ongoing Work

Home repair and remodeling that has not been completed. *Home repair and remodeling* will be deemed to be completed at the earliest of the following times:

- (a) When all of your work at the *residence* has been completed; or
 - (b) When that part of your work at a *residence* has been put to its intended use by any person or organization other than another contractor or subcontractor working at the same *residence*.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be

treated as completed.

(6) Subcontracted Work

Improper home repair and remodeling performed by a subcontractor.

(7) Pollution Loss, Cost or Expense

Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

(8) New Construction

New construction of a *residence*.

3. The following are added to Liability and Medical Expenses Definitions:

a. *Home repair and remodeling* means the fixing, replacing, altering, converting, modernizing, improving or making of an addition to any real property primarily designed or used as a *residence* other than maintenance, service or repair under \$500. *Home repair and remodeling* includes the construction, installation, replacement or improvement of

driveways, swimming pools, porches, kitchens, bathrooms, basements, chimneys, chimney liners, garages, fences, fallout shelters, central air conditioning, central heating, boilers, furnaces, electrical wiring, sewers, plumbing fixtures, storm doors, windows, roofs, awnings and other improvements to structures within the *residence* or upon the land adjacent to the *residence*.

However, *home repair and remodeling* does not include the sale, installation, cleaning or repair of carpets; the repair, installation, replacement or connection of any home appliance including but not limited to disposals, refrigerators, ranges, garage door openers, televisions or television antennas, washing machines, telephones, hot water heaters, satellite dishes or other appliances when the persons replacing, installing, repairing or connecting the home appliance are employees or agents of the merchant that sold the home appliance or sold new products of the same type; or landscaping.

b. *Improper home repair and remodeling* means *home repair and remodeling* that is not in conformance with applicable State, county or municipal building codes that were in effect at the time of the *home repair and remodeling*.

c. *Residence* means a single-family home or dwelling or a multiple-family home or dwelling containing 6 or fewer apartments, condominiums, town houses or dwelling units, used or intended to be used by occupants as dwelling places.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

CB-0417(1-10)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

The following exclusion is added:

1. This insurance does not apply to *bodily injury* or *personal and advertising injury* to:
 - a. A person arising out of any:
 - (1) Refusal to employ that person;
 - (2) Termination of that person's employment; or
 - (3) Employment-related practices, policies, acts or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
 - b. The spouse, child, parent, brother or sister of that person as a consequence of *bodily injury* or *personal and advertising injury* to that person at whom any of the employment-related practices described in paragraphs (1), (2) or (3) above is directed.
2. The Employment-Related Practices Exclusion applies:
 - a. Whether the injury-causing event described in paragraph (1), (2) or (3) above occurs before employment, during employment or after employment of that person;
 - b. Whether the insured may be liable as an employer or in any other capacity; and
 - c. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

POLICY NUMBER: Z95032

COMPUTER FRAUD AND FUNDS TRANSFER FRAUD

CB-0547(1-10)

This endorsement modifies insurance provided under the following:

DELUXE BIS-PAK® PROPERTY COVERAGE FORM

1. The following is added to Additional Coverages under the Property Coverages section:

Computer Fraud and Funds Transfer Fraud

- a. The Computer Fraud and Funds Transfer Fraud Coverage Limit shown in the Schedule of this endorsement is the most we will pay for loss of and damage to *money, securities and other property* following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:
 - (1) To a person (other than a messenger) outside those premises; or
 - (2) To a place outside those premises.
 - b. The Computer Fraud and Funds Transfer Fraud Coverage Limit shown in the Schedule of this endorsement is the most we will pay for loss of *money and securities* resulting directly from a *fraudulent instruction* directing a financial institution to transfer, pay or deliver *money and securities* from your *transfer account*.
2. With respect to the coverage provided by this endorsement, item 4 Limitations under Property Coverages is amended as follows:
Paragraph a(4) does not apply.
 3. With respect to the coverage provided by this endorsement, Property Exclusions is amended as follows:
 - a. Paragraph 2g False Pretense does not apply.
 - b. The following exclusion is added:
We will not pay for loss or damages caused by or resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.
 4. The following are added to Property Definitions:
 15. "Employee"
 - a. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service or for 30 days after termination of service;
 - (b) Whom you compensate directly by salary, wages or commissions; and
 - (c) Whom you have the right to direct and control while

performing services for you;

- (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent *employee* as defined in paragraph (1), who is on leave; or
 - (b) To meet seasonal or short term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;
 - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in paragraph (2) above;
 - (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan(s)" insured under this policy; and
 - (b) Your director or trustee while that person is handling "funds" or *other property* of any "employee benefit plan(s)" insured under this policy;
 - (5) Any natural person who is a former *employee*, director, partner, *member, manager*, representative or trustee retained as a consultant while performing services for you; or
 - (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.
- b. *Employee* does not mean:
 - (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - (2) Any *manager*, director or trustee except while performing acts coming within the scope of the usual duties

of an *employee*.

16. "*Fraudulent instruction*" means:

- a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
- b. A written instruction (other than those described in paragraph 5j) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
- c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an employee but which was in fact fraudulently transmitted by

someone else without your or the employee's knowledge or consent.

17. "*Other property*" means any tangible property other than *money* and *securities* that has intrinsic value but does not include any property excluded under this policy.

18. "*Transfer account*" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of *money* and *securities*:

- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
- b. By means of written instructions (other than those described in paragraph 5j) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

SCHEDULE

Limit of Insurance

\$25,000

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

CB-0564(1-15)

This endorsement modifies insurance provided under the following:

BIS-PAK® COVERAGE PART

A. The Bis-Pak® Property Coverage Form and the Bis-Pak® Business Liability and Medical Expenses Coverage Form are amended as follows:

1. Applicability Of The Provisions Of This Endorsement

a. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

(1) The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form; or

(2) A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

(a) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

(b) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(c) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events

or occurrences under this policy.

b. If the provisions of this endorsement become applicable, such provisions:

(1) Supersede any terrorism endorsement already endorsed to this policy that addresses *certified acts of terrorism* and/or *other acts of terrorism*, but only with respect to loss or injury or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and

(2) Remain applicable unless we notify you of changes in these provisions, in response to federal law.

c. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses *certified acts of terrorism* and/or *other acts of terrorism*, will continue in effect unless we notify you of changes to that endorsement in response to federal law.

2. The following definition is added and applies under this endorsement wherever the term terrorism is shown in italics.

"Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

- (1) Use or threat of force or violence; or
- (2) Commission or threat of a dangerous act; or
- (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

- (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- (2) It appears that the intent is to intimidate or coerce a government,

or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

B. The Property Coverage Form is amended as follows:

1. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by *terrorism*, including action in hindering or defending against an actual or expected incident of *terrorism*. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to an incident of *terrorism*:

- a. The *terrorism* is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the *terrorism* was to release such material; or
- c. The *terrorism* is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the *terrorism* was to release such materials; or
- e. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the *terrorism* and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of

terrorism which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this Item 1e, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of *terrorism* and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of *terrorism*, there is no coverage under this Coverage Form.

2. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If *terrorism* results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverages or endorsements that apply to those coverages.

3. Application Of Other Exclusions

When the Exclusion Of Terrorism applies in accordance with the terms of Paragraph 1a or 1b, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form.

C. The Business Liability and Medical Expenses Coverage Form is amended as follows:

1. The following definition is added and applies under this endorsement wherever the phrase any injury or damage, is shown in italics:

Any injury or damage" means any injury or damage covered under this Coverage Form or any applicable endorsement, and includes but is not limited to *bodily injury, property damage, personal injury, advertising injury or personal and advertising injury*, as may be defined under this Coverage Form or any applicable endorsement.

2. The following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for *any injury or damage* caused directly or indirectly by *terrorism*, including action in hindering or defending against an actual or expected incident of *terrorism*. *Any injury or damage* is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of *terrorism*:**

- a. The *terrorism* is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- b. Radioactive material is released, and it appears that one purpose of the *terrorism* was to release such material; or
- c. The *terrorism* is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- d. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the *terrorism* was to release such materials; or
- e. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the *terrorism* and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered

by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or

- f. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - (1) Physical injury that involves a substantial risk of death; or
 - (2) Protracted and obvious physical disfigurement; or
 - (3) Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of *terrorism* which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph 2e or 2f are exceeded.

With respect to this Exclusion, Paragraphs 2e and 2f describe the threshold used to measure the magnitude of an incident of *terrorism* and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of *terrorism*, there is no coverage under this Coverage Form.

- D. The following provision is added to the Bis-Pak® Property Coverage Form and the Bis-Pak® Business Liability and Medical Expenses Coverage Form:

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph B2) applies to property located in the following states:

Georgia
Illinois
Iowa
Maine
Missouri
Oregon
Wisconsin

FUNGI OR BACTERIA EXCLUSION (LIABILITY)

CB-0577(4-10)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

- A. The following exclusion is added to Paragraph 1 under Exclusions:

Fungi or Bacteria

- (1) *Bodily injury, property damage, personal injury or advertising injury* which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any *fungi* or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, *fungi* or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any *fungi* or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

- B. The following definition is added to Liability and Medical Expenses Definitions:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

ILLINOIS CHANGES - DEFENSE COSTS

CB-0643R(4-06)

This endorsement modifies insurance provided under the following:

BIS-PAK® COVERAGE PART

The following is added to all coverage forms and endorsements with Insuring Agreements that set forth a duty to defend:

If we initially defend an insured or pay for an insured's defense but later determine that the claim(s) is (are) not covered under this insurance, we will have

the right to reimbursement for the defense costs we have incurred.

The right to reimbursement for the defense costs under this provision will only apply to defense costs we have incurred after we notify you in writing that there may not be coverage, and that we are reserving our rights to terminate the defense and seek reimbursement for defense costs.

SNOW PLOW PRODUCTS - COMPLETED OPERATIONS HAZARD
COVERAGE

CB-1416(1-10)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

The following exception is added to Exclusion 1g Aircraft, Auto or Watercraft:

This exclusion does not apply to *bodily injury* or *property damage* that:

- (a) Is included in the *products-completed operations hazard*; and
- (b) Arises out of the use of any *auto* for snow or ice removal operations.

PRIMARY AND NONCONTRIBUTORY - OTHER INSURANCE CONDITION

CB-1488(7-13)

This endorsement modifies insurance provided under the following:

BIS-PAK® COMMON POLICY CONDITIONS

The following is added to paragraph H Other Insurance of the Bis-Pak® Common Policy Conditions and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek con-

tribution from any other insurance available to an additional insured under your policy provided that:

1. The additional insured is a Named Insured under such other insurance; and
2. You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR
PERSONAL INFORMATION AND DATA-RELATED LIABILITY -
WITH LIMITED BODILY INJURY EXCEPTION

CB-1504(5-14)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL
EXPENSES COVERAGE FORM

A. Exclusion 1s is replaced by the following:

This insurance does not apply to:

s. Access Or Disclosure Of Confidential Or
Personal Information And Data-related Li-
ability

- (1) Damages, other than damages because of *personal and advertising injury*, arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in paragraph (1) or (2) above.

However, unless paragraph (1) above applies, this exclusion does not apply to damages because of *bodily injury*.

As used in this exclusion, electronic data

means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications soft- ware), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer soft- ware which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

B. The following is added to Exclusions 1p:

This insurance does not apply to:

p. Personal And Advertising Injury

Personal and advertising injury:

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

POLICY NUMBER: Z95032

CONTRACTOR'S EQUIPMENT

CB-7105(6-13)

This endorsement modifies insurance provided under the following:

DELUXE BIS-PAK® PROPERTY COVERAGE FORM

The following provisions apply to the coverage provided by this endorsement:

1. COVERAGE

- a. The first paragraph under the Property Coverages Section is replaced by the following:

We will pay for direct physical loss of or damage to Covered Property within the coverage territory caused by or resulting from any Covered Cause of Loss.

- b. Covered Property

Paragraph 1, Covered Property, under the Property Coverages Section is replaced by the following:

In this endorsement, covered property refers to one or more classes of property as described below:

- (1) Scheduled Contractor's Equipment - We cover only those described items for which a coverage amount is shown in the Schedule. It is a condition that at the time this coverage is effective, all described items are in sound condition.

- (2) Unscheduled Contractor's Equipment - We cover tools and other contractor's equipment owned by you and used in your business. We cover only tools and equipment which are in sound condition at the time this coverage is effective.

- (3) Rented Tools and Equipment

We cover contractor's tools and equipment rented from others that are in your care, custody or control and used in your business.

- (4) Employees' Tools

We cover employees' tools which are used in connection with your business.

- c. Extensions of Coverage

- (1) We also cover contractor's equipment acquired during the policy period for up to 30 days after each item is acquired. This extension applies only to items of contractor's equipment which have a value of more than \$2000. You must provide us with a complete description of each item within this 30 day period and pay the additional premium.

We cover these items for their actual cash value. The most that we will pay for all such items will be twenty-five percent of the total coverage amount for all

described items.

Coverage for each item acquired will end at the earliest of the following:

- (a) When the newly acquired item is reported to us;
- (b) The end of the 30-day reporting period; or
- (c) The expiration date of this policy.

- (2) We also cover contractor's equipment which you borrow from others while such equipment is in your care, custody and control and being used in your business. We cover these items for their actual cash value. The most we will pay in one occurrence for loss or damage to borrowed contractors' equipment is twenty-five percent of the total coverage amount for all covered property under this endorsement.

- d. Property Not Covered

Paragraph 2, Property Not Covered, under the Property Coverages Section is replaced by the following:

We do not cover:

- (1) Property that is not in sound condition when this coverage is effective;
- (2) Property that you rent or lease to others;
- (3) Property that is waterborne. We do cover property that is in transit on a regular ferry, lighter or carfloat;
- (4) Property that is underground, in caissons or underwater;
- (5) Property that is or will be a permanent part of a building or structure;
- (6) Plans, blueprints, designs or specifications;
- (7) Self-propelled vehicles that are designed for highway use;
- (8) Aircraft;
- (9) Watercraft;
- (10) Tires and tubes mounted on vehicles. We do cover tires and tubes mounted on covered vehicles, if the loss is caused by:
 - (a) Fire, windstorm, theft or vandalism;
 - (b) A Covered Cause of Loss which also damages the vehicle.

- e. Covered Causes of Loss

Paragraph 3, Covered Causes of Loss, under the Property Coverages Section is replaced by the following:

- (1) Except for booms that exceed 25 feet in length, we cover direct physical loss to covered property unless the loss is excluded. The loss must be due to an external cause.
- (2) For booms that exceed 25 feet in length, we cover direct physical loss to this property caused only by fire; lightning; windstorm; hail; earthquake; flood; smoke; explosion; aircraft, spacecraft, self-propelled missiles and objects that fall from these items; vehicles, including an accident to a transporting vehicle; strike; riot; civil commotion; vandalism; theft; attempted theft; sprinkler leakage; collapse of buildings and the upset or overturn of the unit of which the boom is a part, or the collision of the unit with another object.

2. EXCLUSIONS

The Property Exclusions Section is replaced by the following:

We do not pay for a loss if one or more of the following excluded causes of loss apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded cause of loss. We do not pay for a loss that results from:

- a. A dishonest or illegal act, alone or in collusion with another, by:
 - (1) You;
 - (2) Others who have an interest in the property;
 - (3) Others to whom you entrust the property; or
 - (4) The employees or agents of (1), (2) or (3), whether or not they are at work.

We do cover loss caused by dishonest acts by carriers or other bailees for hire.

- b. Mysterious disappearance;
- c. Any cause when the only proof that a loss occurred is an inventory shortage;
- d. Dampness of atmosphere;
- e. Extremes of temperature;
- f. Corrosion or rust;
- g. Pitting;
- h. Mechanical breakdown or failure. If a fire or explosion results, we do cover the loss caused by the fire or explosion;
- i. Electrical currents, other than those caused by lightning, that damage an electrical apparatus or its wiring. If a fire or explosion results, we do cover the loss caused by the

fire or explosion;

- j. A process to repair, adjust, service or maintain the covered property. If a fire or explosion results, we do cover the loss caused by the fire or explosion;
- k. The weight of a load when it exceeds the designed capacity of a machine to lift or support the load from any position;
- l. Wear and tear to covered property;
- m. Gradual deterioration of covered property;
- n. A fault or weakness that is intrinsic to the property which causes it to break, spoil, become defective or destroy itself;
- o. Damage caused by nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals to covered property;
- p. Obsolescence or depreciation of covered property;
- q. War. This means:
 - (1) Declared war, undeclared war, civil war, insurrection, rebellion or revolution;
 - (2) A warlike act by a military force or by military personnel;
 - (3) The destruction, seizure or use of the property for a military purpose; or
 - (4) The discharge of a nuclear weapon even if it is accidental.
- r. Civil authority. This means:
 - (1) Seizure or destruction under quarantine or customs regulations;
 - (2) Confiscation or destruction by order of a government or public authority; or
 - (3) Risks of contraband or illegal transportation or trade.
- s. Nuclear hazard. This means nuclear reaction, nuclear radiation or radioactive contamination:
 - (1) Whether controlled or uncontrolled; or
 - (2) Caused by, contributed to or aggravated by a cause of loss covered by this policy. A loss caused by nuclear hazard will not be considered to be a loss caused by fire, explosion or smoke. If fire is covered by this policy, we do cover the loss caused by a fire that results from the nuclear hazard.

We do not pay for such excluded loss even if the following contribute to, aggravate or cause the loss:

- a. The act or decision of a person, group, organization or governmental body. This includes the failure to act or decide.
- b. A fault, defect or error, negligent or not, in:

- (1) Planning, zoning, surveying, siting, grading, compacting, land use or development of property.
- (2) The design, blueprint, specification, workmanship, construction, renovation, remodeling or repair of property. This includes the materials needed to construct, remodel or repair the property.
- (3) Maintenance of property.

These apply whether or not the property is covered by this policy.

- c. A condition of the weather.
- d. The collapse of a building or structure.

3. DEDUCTIBLE

The Property Deductibles Section is replaced by the following:

The deductible amounts shown in the Schedule will apply separately to each class of covered property for loss or damage in any one occurrence after all other adjustments have been made. When the occurrence involves loss or damage to multiple items within Scheduled Contractor's Equipment, then the highest deductible amount applicable to the lost or damaged items will be deducted from the total amount of loss or damage to those items. We will then pay the amount of loss or damage in excess of the applicable deductible up to the coverage amount shown in the schedule.

4. LIMITS OF INSURANCE

The Property Limits of Insurance Section is replaced by the following:

a. Scheduled Contractor's Equipment

The most we will pay for loss to any one item of Scheduled Contractor's Equipment is the coverage amount shown in the Schedule for that item.

b. Unscheduled Contractor's Equipment

Subject to a maximum of \$2,500 per item, the most we will pay for all loss or damage in one occurrence is the coverage amount for Unscheduled Contractor's Equipment shown in the Schedule.

c. Rented Tools and Equipment

The most we will pay for all loss or damage in one occurrence is the Rented Tools and Equipment coverage amount shown in the Schedule.

d. Employees' Tools

The most we will pay for all loss or damage in one occurrence is the Employees' Tools coverage amount as described in the Schedule.

5. CONDITIONS

a. The Coverage Territory Property General Condition is replaced by the following:

Coverage applies only while the property is in the United States, Canada or Puerto Rico. This includes property that is in transit except to or from Alaska, Hawaii or Puerto Rico.

b. The following condition is added:

Coinsurance

(1) You must maintain a minimum coverage amount for each described item of Scheduled Contractor's Equipment. This minimum coverage amount is the full value of the described item. If the coverage amount at the time of loss is less than the minimum coverage amount, we will pay only a part of a loss. Our part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that we will pay.

(2) You must maintain a minimum coverage amount for Unscheduled Contractor's Equipment. This minimum coverage amount is the full value of all covered unscheduled equipment. If the coverage amount at the time of loss is less than the minimum coverage amount, we will pay only a part of a loss. Our part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that we will pay.

(3) Rented Tools and Equipment

You must maintain a minimum coverage amount for Rented Tools and Equipment. This minimum coverage amount is the full value of all covered Rented Tools and Equipment. If the coverage amount at the time of loss is less than the minimum coverage amount, we will pay only a part of a loss. Our part of the loss will be determined by dividing the coverage amount by the minimum coverage amount. This percentage will be applied to the final adjusted loss to determine the amount that we will pay.

6. VALUATION

The following is added to the Loss Payment and Valuation provision under Property Loss Conditions:

We will determine the value of Covered Property

using the Basis for Valuation shown in the Schedule.

7. SCHEDULE

The following items do not apply to the coverage provided by this endorsement:

- a. The Additional Coverages under the Property Coverages Section; and
- b. The Property Extensions of Coverage Section.

SCHEDULE

Scheduled Contractor's Equipment

<u>Deductible Amount</u>	<u>Items to Which the Deductible Applies</u>
\$500	SEE LIST

<u>Described Item</u>	<u>Manufacturer / Serial Number</u>	<u>Basis for Valuation</u>	<u>Coverage Amount</u>
SEE LIST		Actual Cash Value	\$150,965

Unscheduled Contractor's Equipment

Deductible:	\$500
Coverage Amount:	\$15,000 with a \$2,500 maximum for any one item
Basis for Valuation:	Actual Cash Value

Rented Tools and Equipment

Deductible:	\$500
Coverage Amount:	\$100,000
Basis for Valuation:	Actual Cash Value

ILLINOIS CHANGES

CB-7197(9-18)

This endorsement modifies insurance provided under the following:

BIS-PAK® COVERAGE PART

1. The Cancellation Bis-Pak® Common Policy Condition is replaced by the following:

CANCELLATION

- a. The First Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
- b. (1) We may cancel this policy by mailing written notice of cancellation.
- (2) If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
- (3) If we cancel for a reason other than nonpayment of premium, except as provided in paragraphs h and i below, we will mail the notice at least:
 - (a) Thirty days prior to the effective date of cancellation if the policy has been in effect for 60 days or less.
 - (b) Sixty days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
- c. If this policy has been in effect for more than 60 days, except as provided in paragraphs h and i below, we may cancel only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) The policy was obtained through a material misrepresentation;
 - (3) Any insured has violated any of the terms and conditions of the policy;
 - (4) The risk originally accepted has measurably increased;
 - (5) Certification to the Director of Insurance of the loss of reinsurance by the insurer which provided coverage to us for all or a substantial part of the underlying risk insured; or
 - (6) A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.
- d. We will mail our notice to you, together with our reason for cancellation, at your last mailing address known to us. Proof of mailing will be sufficient proof of notice.
- e. Notification of cancellation will also be sent to your broker, if known, or agent of record, if known, and to the mortgagee or lienholder listed on the policy.

- f. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- g. If this policy is cancelled, we will send the First Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the First Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- h. Real Property Other Than Residential Properties Occupied by Four Families or Less:

The following applies only if this policy covers real property other than residential property occupied by four families or less:

If any one or more of the following conditions exists at any building that is Covered Property in this policy, we may cancel this policy by mailing to you written notice of cancellation, by both certified and regular mail, if:

- (1) After a fire loss, permanent repairs to the building have not started within 60 days of satisfactory adjustment of loss, unless the delay is due to a labor dispute or weather conditions.
- (2) The building has been unoccupied 60 or more consecutive days. This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings under repair, construction or reconstruction, if properly secured against unauthorized entry.
- (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe in accordance with the law.
- (4) Heat, water, sewer service or public lighting have not been connected to the building for 30 consecutive days or more.

The policy will terminate 10 days following receipt of the written notice by the named insured(s).

- i. Residential Properties Occupied by Four Families or Less:

The following applies if this policy covers residential properties occupied by four families or less:

If this policy has been in effect for 60 days, or if this is a renewal policy, we may only cancel this policy for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by misrepresentation or fraud; or
- (3) Any act that measurably increases the risk originally accepted.

If we cancel this policy based on one or more of the above reasons except for nonpayment of premium, we will mail written notice at least 30 days before the effective date of cancellation. When cancellation is for nonpayment of premium, we will mail written notice at least 10 days before the effective date of cancellation.

2. The When We Do Not Renew Bis-Pak® Common Policy Condition is replaced by the following:

NONRENEWAL

- a. If we decide not to renew or continue this policy, we will mail to you written notice, stating the reason for nonrenewal. Proof of mailing will be sufficient proof of notice.
- b. Except as provided in paragraph f below, we will mail you notice of the renewal at least 60 days before the end of the policy period.
- c. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
- d. If we fail to mail proper written notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.
- e. The following provision applies to policies other than those described in paragraph f:
Notification of nonrenewal will also be sent to your broker, if known, or agent of record, if known, and the mortgagee or lienholder listed on the policy.
- f. The following provision applies only if this policy covers residential properties occupied by four families or less:
 - (1) If this policy has been issued to you and in effect for five or more years, we may not fail to renew this policy unless:
 - (a) The policy was obtained by misrepresentation or fraud and we mail you notice of nonrenewal at least 30 days before the end of the policy period as provided in paragraph a above;
 - (b) The risk originally accepted has measurably increased and we mail you notice of nonrenewal at least 30 days before the end of the policy

period as provided in paragraph a above; or

- (c) You received 60 days' notice of our intent not to renew as provided in paragraph a above.
- (2) If this policy has been issued to you and in effect with us for less than five years, we may not fail to renew this policy unless you received 30 days' notice. The provisions of paragraph a above apply, with the exception that 30 days' notice will be given rather than 60 days'.
- (3) Notification of nonrenewal will also be sent to your broker, if known, or agent of record, if known, and to the last known mortgagee or lienholder.
- (4) The nonrenewal shall not become effective until at least 30 days from the proof of mailing date of the notice to you.
3. The following is added to the Legal Action Against Us Property Loss Condition in the Deluxe Bis-Pak® Property Coverage Form and paragraph F4d under the Mortgageholder's Errors and Omissions Coverage Form:
The period for legal action against us is extended by the number of days between the date the proof of loss is filed with us and the date we deny the claim in whole or in part.
4. The following is added to the Bis-Pak® Coverage Part:
 - a. If this policy covers the following in (1) and (2), then paragraphs b and c apply:
 - (1) Real property used principally for residential purposes up to and including a four-family dwelling; or
 - (2) Household or personal property that is usual or incidental to the occupancy of any premises used for residential purposes.
 - b. The following is added to the Appraisal Property Loss Condition and supersedes any provision to the contrary:
 - (1) Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally, except as provided in (2) below.
 - (2) We will pay your appraiser's fee and the umpire's appraisal fee, if the following conditions exist:
 - (a) You demanded the appraisal; and
 - (b) The full amount of loss, as set by your appraiser, is agreed to by our appraiser or by the umpire.
 - c. The Concealment, Misrepresentation or Fraud Bis-Pak® Common Policy Condition is

replaced by the following:

Concealment, Misrepresentation or Fraud

(1) This Coverage Part is void if you or any insured commit fraud or conceal or misrepresent a fact in the process leading to the issuance of this insurance and such fraud, concealment or misrepresentation is stated in the policy or endorsement or in the written application for this policy and:

- (a) Was made with actual intent to deceive; or
- (b) Materially affected either our decision to provide this insurance or the hazard we assumed.

However, this condition will not serve as a reason to void this Coverage Part after the Coverage Part has been in effect for one year or one policy term, whichever is less.

(2) We do not provide coverage under this Coverage Part to you or any other insured who, at any time subsequent to the issuance of this insurance, commit fraud or intentionally conceal or misrepresent a material fact relating to:

- (a) This Coverage Part;
- (b) The Covered Property;
- (c) Your interest in the Covered Property; or
- (d) A claim under this Coverage Part.

(3) Notwithstanding the limitations stated in c(1) above, we may cancel the Coverage Part in accordance with the terms of the Cancellation Condition.

5. The following exclusion is added to item 2 under Property Exclusions in the Deluxe Bis-Pak® Property Coverage Form:

- a. We will not pay for loss or damage arising out of any act committed:
 - (1) By or at the direction of any insured; and

(2) With the intent to cause a loss.

b. However, this exclusion will not apply to deny payment to an innocent co-insured who did not cooperate in or contribute to the creation of the loss if:

- (1) The loss arose out of a pattern of criminal domestic violence; and
- (2) The perpetrator of the loss is criminally prosecuted for the act causing the loss.

c. If we pay a claim pursuant to paragraph 5b, our payment to the insured is limited to that insured's insurable interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

6. The Bis-Pak® Business Liability and Medical Expenses Coverage Form is amended as follows:

The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under Illinois law.

7. Exclusion 2a Electrical Apparatus of the Deluxe Bis-Pak® Property Coverage Form is replaced by the following:

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to *computer(s)* due to artificially generated electrical current if such loss or damage is caused by or results from:

- a. An occurrence that took place within 100 feet of the described premises; or
- b. Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

POLICY NUMBER: Z95032

PROPERTY IN THE COURSE OF CONSTRUCTION

CB-7201(1-19)

This endorsement modifies insurance provided under the following:

DELUXE BIS-PAK® PROPERTY COVERAGE FORM

The provisions of the Coverage Form to which this endorsement is attached apply to the coverage provided by this endorsement except as modified below

1. PROPERTY COVERAGES

a. Property Covered

Paragraph 1, Covered Property, under the Property Coverages Section is replaced by the following:

We cover the following types of property owned by you or for which you are legally liable while the property is at a *covered job site*, in transit or at a temporary storage location:

- (1) Buildings Under Construction. This means buildings and additions to buildings under construction, alteration or repair by you. This includes:
 - (a) Materials and supplies which will become a permanent part of the buildings or structures, foundations, excavations, grading, filling, attachments and permanent fixtures;
 - (b) Materials, equipment, supplies and temporary structures used for and located on or within 1,000 feet of buildings under construction, alteration or repair; and
 - (c) Scaffolding or construction forms, provided the scaffolding or construction forms are located at a building or structure under construction, alteration or repair.
- (2) Installation Projects. This means materials, supplies, machinery, fixtures and equipment on or within 1,000 feet of your installation, fabrication or erection projects that will become a permanent part of the installation, fabrication or erection projects.
- (3) Temporary Storage Locations. This means materials, equipment and supplies in your care, custody or control at temporary storage locations that will become part of Buildings Under Construction or Installation Projects. Coverage under this provision is not restricted to *covered job sites*.

b. Property Not Covered

Covered property does not include:

- (1) An existing building or structure to which an addition, alteration, improvement or repair is being made; and
- (2) Machinery, tools, equipment, supplies or similar property that do not become a permanent part of the *covered job site*. This includes contractor's equipment and other tools that belong to a contractor or subcontractor but does not include scaffolds, construction forms or temporary structures.

c. Limitations

Limitation a(5) does not apply to the coverage provided by this endorsement.

d. Additional Coverages

The following Additional Coverages do not apply to the coverage provided by this endorsement:

- (1) Collapse;
- (2) Water, Other Liquids, Powder or Molten Material Damage;
- (3) Business Income and Extra Expense;
- (4) Civil Authority;
- (5) Money Orders and Counterfeit Paper Currency;
- (6) Forgery and Alteration;
- (7) Increased Cost of Construction;
- (8) Business Income from Dependent Properties; and
- (9) Glass Expenses.

The following Additional Coverages are added and apply only to Property in the Course of Construction:

- (1) Contract Penalty. When a covered cause of loss occurs to a covered Building Under Construction or a covered Installation Project, we cover the cost of contractual penalties for noncompletion when you are unable to complete construction or installation in accordance with contract terms or conditions. Your inability to complete construction or installation on time must be as a result of a loss by a covered cause of loss.

The most we will pay under this additional coverage is \$10,000 for all contractual penalties arising out of one occurrence.

- (2) Expediting Expenses. When a covered cause of loss occurs to a covered Building Under Construction or a

covered Installation Project, we pay for reasonable expediting expenses necessary to complete construction or installation within the time frame specified in the construction contract.

Expediting expenses include additional labor and overtime, transportation costs, storage expense and the expense to rent additional equipment.

The most we will pay for all expediting expenses in one occurrence is \$10,000.

(3) Ordinance or Law, Buildings Under Construction.

(a) When a covered cause of loss occurs to a covered Building Under Construction, we cover:

Enforcement of Law. This means loss caused by the enforcement of any ordinance, law or decree that:

- (i) Requires the demolition of undamaged parts of buildings under construction that are damaged or destroyed by a covered cause of loss;
- (ii) Regulates the construction or repair of buildings under construction or establishes building, zoning or land use requirements at the site of construction; and

(iii) Is in force at the time of loss.

Increased Cost of Construction. This means the increased cost to repair, rebuild or construct buildings under construction as a result of the enforcement of any building, zoning or land use ordinance, law or decree. If buildings under construction are repaired or rebuilt, they must be intended for similar occupancy as the current property unless otherwise required by a building, zoning or land use ordinance, law or decree.

Cost to Demolish and Clear. This means the cost to demolish and clear the site of undamaged parts of buildings under construction that are damaged or destroyed by a covered cause of loss as a result of the enforcement of the building, zoning or land use ordinance, law or decree.

(b) We do not cover the costs associated with the enforcement of any ordinance, law or decree that

requires you to or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effects of *pollutants*.

(c) We do not cover the Increased Cost of Construction until the covered building under construction is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

(d) If the building under construction is repaired or replaced, we pay the lesser of:

- (i) The amount you actually spend to demolish and clear the site, plus the amount you actually spend to repair, rebuild or construct the property but not for more than buildings of the same height, floor area and style; or

(ii) \$50,000.

(e) If the covered building or structure is not repaired or replaced, we pay the lesser of:

- (i) The amount you actually spend to demolish and clear the site, plus the cost to replace the damaged or destroyed property with other property of like kind and quality and used for the same purpose; or

(ii) \$50,000.

(4) Property at a Permanent Storage Location Owned by You. We pay for loss to property while it is at a permanent storage location owned by you if the loss is caused by a covered peril. Property means materials, equipment and supplies that have been specifically allocated to or otherwise identified with a covered installation project.

The most we will pay for all property at a permanent storage location owned by you in one occurrence is \$5,000. This \$5,000 limit is part of, not in addition to, the Limit of Insurance shown in the Schedule.

A \$500 deductible applies per occurrence.

(5) Testing. We pay for loss caused by testing including start-up, performance, stress, pressure or overload testing of

materials, supplies, machinery, fixtures and equipment that will become a permanent part of an Installation Project.

The most we will pay for all loss caused by testing in one occurrence is \$10,000.

(6) Collapse.

(a) With respect to buildings:

- (i) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- (ii) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- (iii) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- (iv) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

(b) We will pay for loss or damage caused by or resulting from the collapse of all or any part of the insured building or structure, but only if caused by one or more of the following causes of loss:

- (i) Fire, lightning, windstorm, hail, explosion, smoke, vandalism, falling objects, vehicles, glass breakage or weight of ice or snow;
- (ii) Accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam;
- (iii) Water below the surface of the ground that exerts pressure on foundations or walls;
- (iv) Weight of rain that collects on a roof;
- (v) Weight of personal property or people.

(vi) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse; or

(vii) Insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse.

The criteria set forth in paragraphs (a)(i) through (a)(iv) do not limit the coverage otherwise provided under this Additional Coverage for the causes of loss listed in paragraphs (b)(i) through (b)(v).

(c) With respect to the following property:

- (i) Awnings;
- (ii) Gutters and downspouts;
- (iii) Yard fixtures;
- (iv) Outdoor swimming pools;
- (v) Piers, wharves and docks;
- (vi) Beach or diving platforms or appurtenances;
- (vii) Retaining walls; and
- (viii) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in Paragraphs (b)(iv) through (b)(vii), we will pay for loss or damage to that property only if such loss or damage is a direct result of the collapse of a building insured under this policy and the property is Covered Property under this policy.

(d) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- (i) The collapse was caused by a cause of loss listed in Paragraphs (b)(i) through (b)(vii) of this Additional Coverage;
- (ii) The personal property which collapses is inside a building; and
- (iii) The property which collapses is not of a kind listed in Paragraph (c) above, regardless of whether that kind of property is considered to be personal property or real

property.

The coverage stated in this Paragraph (d) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

This additional coverage does not increase the coverage amount. The deductible amount shown in the Schedule applies to this additional coverage.

e. The following is added:

Soft Costs and Rental Income

The following coverages are added:

- (1) Soft Costs. We pay for soft cost expenses that arise out of a *delay* caused by a covered cause of loss. Soft cost expenses means the necessary expenses relating to the construction, erection or fabrication of Buildings Under Construction or Installation Projects that are over and above those costs which would have been incurred had there been no *delay*. These costs consist of:
 - (a) Advertising. Additional advertising and promotional expenses.
 - (b) Expediting Expenses. Expediting expenses such as overtime and additional transportation or storage costs;
 - (c) Fees. Additional fees for architects, engineers, consultants, attorneys and accountants;
 - (d) Interest. Additional interest on money borrowed to finance construction, remodeling, renovation or repair;
 - (e) Leases. The cost of administrative expenses and commissions which result from the renegotiation of leases; or
 - (f) Realty Taxes. Additional realty taxes and other assessments which you incur for the period of time that construction has been extended beyond the projected completion date.
- (2) Rental Income. We pay for actual loss of rental income that arises out of a *delay* caused by a covered cause of loss. Expenses that do not necessarily continue because of a *delay* will be

deducted from the loss of rental income.

The most we will pay for the total of all soft costs and rental income arising out of one occurrence is 5% of the limit of insurance shown in the Schedule.

The following exclusions are added which apply only to Soft Costs and Rental Income Coverage:

- (1) Additional Time. We do not pay for any increase in loss resulting from additional time that would be required to replace or repair any part of the covered property due to:
 - (a) Ordinances or laws requiring the use of construction materials or equipment that are different from the property that is destroyed;
 - (b) Ordinances or laws requiring you to test, evaluate, observe or record the existence, level or effects of *pollutants*;
 - (c) Adverse weather conditions; or
 - (d) Improvements necessary to correct deficiencies of original construction, erection or fabrication.
- (2) Consequential Loss. We do not pay for any increase in loss resulting from any consequential loss.
- (3) Lease, Contract or License. We do not pay for any increase in loss resulting from the suspension, lapse or cancellation of any lease, contract or license.
- (4) Strikes, Protests and Other Interference. We do not pay for any increase in loss resulting from interference by strikers or anyone else interfering with the rebuilding, repairing or replacing the Buildings Under Construction or Installation Projects.

The following additional coverages are added which apply only to Soft Costs and Rental Income Coverage:

- (1) Expense to Reduce Loss. We extend your coverage to include necessary expenses incurred to reduce the amount of soft cost expenses or loss of rental income. Expenses paid under this additional coverage will not increase the applicable limit. We do not pay for:
 - (a) Expenses to extinguish a fire; or
 - (b) Expenses that exceed the amount by which a loss is reduced.
- (2) Interruption by Civil Authority. We

extend coverage for soft cost expenses to include loss while access to Buildings Under Construction or Installation Projects is specifically denied by an order of civil authority. This order must be a result of damage to property other than at the Buildings Under Construction or Installation Projects and caused by a covered cause of loss. This extension is limited to two consecutive weeks from the date of order. This does not increase the limit.

2. OPTIONAL COVERAGES

a. Earthquake

- (1) If a limit of insurance is shown in the Schedule for the Earthquake Optional Coverage, we cover direct loss or damage to covered property caused by *earthquake* and Property Exclusion 1b(1) in the Deluxe Bis-Pak® Property Coverage Form is deleted. If directly attributable to an *earthquake*, the resulting loss or damage caused by landslide, mud flow and mudslide are also covered.
- (2) We also cover direct loss or damage caused by fire, explosion or sprinkler leakage resulting from an *earthquake*. The resulting loss or damage is subject to the Limit of Insurance shown in the Schedule, not the Earthquake Optional Coverage Limit of Insurance.
- (3) We do not cover loss or damage caused by or resulting from volcanic eruption, mine subsidence, *flood*, tidal wave or tsunami, even if attributable to an *earthquake*. We do not cover loss or damage caused by or resulting from the sinking, rising or shifting of earth that is unrelated to an *earthquake* event.
- (4) The limit of insurance shown in the Schedule for the Earthquake Optional Coverage is in addition to the Limit of Insurance shown in the Schedule.

The limit of insurance for the Earthquake Optional Coverage is an annual aggregate limit. This limit is the most we will pay for the total of all loss or damage that is caused by *earthquake* in a 12-month period, starting with the beginning of the present annual policy period, even if there is more than one *earthquake* during that period of time. If the first *earthquake* does not exhaust the Earthquake Optional Coverage Limit of Insurance, then the balance of that limit is available for subsequent

earthquakes.

- (5) All *earthquake* activity that occurs within a 168-hour period will constitute a single *earthquake*. The expiration of this policy will not reduce the 168-hour period.
- (6) If a single *earthquake* begins during one annual policy period and ends during the following annual policy period, any limit of insurance applicable to the following annual policy period will not apply to such an *earthquake*.
- (7) We will not pay for loss or damage caused by or resulting from any *earthquake* that begins before the inception date of this insurance.

b. Flood

- (1) If a limit of insurance is shown in the Schedule for the Flood Optional Coverage, we cover direct loss or damage to covered property caused by *flood*.
- (2) We also cover direct loss or damage caused by fire, explosion, or sprinkler leakage resulting from a *flood*. The resulting damage is subject to the Limit of Insurance shown in the Schedule, not the Flood Optional Coverage Limit of Insurance.
- (3) The limit of insurance shown in the Schedule for the Flood Optional Coverage is in addition to the Limit of Insurance shown in the Schedule.

The limit of insurance for the Flood Optional Coverage is an annual aggregate limit. This limit is the most we will pay for the total of all loss or damage caused by a *flood* in a 12-month period, starting with the beginning of the present annual policy period, even if there is more than one occurrence of *flood* during that period of time. If the first *flood* does not exhaust the applicable Flood Optional Coverage Limit of Insurance, then the balance of that limit is available for subsequent *floods*.

- (4) If a single occurrence of *flood* begins during one annual policy period and ends during the following annual policy period, any limit of insurance applicable to the following annual policy period will not apply to that *flood*.
- (5) We will not pay for any loss or damage caused by or resulting from any *flood* that begins before or within 72 hours after the inception date of this coverage form. However, this limitation does not apply to a particular location if *flood*

coverage was in effect for that location for at least 72 hours immediately prior to the inception date of this coverage form, under a policy issued by us or by another insurer, and this policy replaces the previous policy without a lapse in coverage.

- (6) All flooding in a continuous or protracted event will constitute a single *flood*.

3. PROPERTY EXTENSIONS OF COVERAGE

The Property Extensions of Coverage do not apply to the coverage provided by this endorsement.

4. PROPERTY EXCLUSIONS

- a. Exclusions 2a, Electrical Apparatus; 2c, Smoke, Vapor, Gas; 2e, Frozen Plumbing; 2l(3), Smog; 2l(4), Settling, Cracking, Shrinking or Expansion; 2l(6), Mechanical Breakdown, including rupture or bursting caused by centrifugal force; and 3a, Weather Conditions do not apply to Property in the Course of Construction.

- b. Property Exclusion 1g, Water, is replaced by the following with respect to Property in the Course of Construction:

Water

- (1) *Flood*, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment; or
- (4) Water below the surface of the ground. This includes water that exerts pressure on or flows, seeps or leaks into a building, floor, sidewalk, driveway or other structure, or through a door, window or other opening. This does not apply to water below the surface of the ground that exerts pressure on foundations or walls causing them to collapse as provided under Additional Coverage d(6), Collapse.
- (5) Waterborne material carried or otherwise moved by any of the water referred to in paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

If a limit of insurance is shown in the Schedule for the Flood Optional Coverage, direct loss or damage caused by *flood* is covered.

- c. The following exclusions are added which apply only to Property in the Course of Construction:

- (1) Explosion, Rupture or Bursting. We do not pay for loss caused by explosion, rupture or bursting of steam boilers, steam or gas turbines, steam pipes or steam engines. This exclusion applies only to loss or damage to the steam boilers, steam or gas turbines, steam pipes or steam engine in which the loss occurred.

- (2) We do not pay for loss or damage if one or more of the following exclusions apply to the loss. But, if loss by a covered peril results, we do pay for the resulting loss.

- (a) Errors in Materials and Workmanship. We do not pay for loss caused by an act, defect, error or omission (negligent or not) relating to:

- (i) Design, specifications, construction or workmanship;
- (ii) Planning, zoning, development, siting, surveying, grading or compaction; or
- (iii) Maintenance, installation, renovating, remodeling or repair.

- (b) Electrical Currents. We do not pay for loss caused by arcing or by electrical currents other than lightning.

- (c) Breakdown. We do not pay for loss caused by any:

- (i) Structural, mechanical or remodeling process; or
- (ii) Structural, mechanical or electrical breakdown or malfunction.

- (d) Settlement, Cracks and Shrinkage. We do not pay for loss caused by settling, cracking, shrinking, bulging or expanding of pavements, foundations, walls, ceiling, glass or roofs.

5. PROPERTY LIMITS OF INSURANCE

The Property Limits of Insurance Section is replaced by the following with respect to the coverage provided by this endorsement:

- a. The most we will pay for loss or damage to Property in the Course of Construction in any one occurrence is the applicable Limit of Insurance shown in the Schedule.
- b. The limit applicable to the Fire Department Service Charge Additional Coverage is in addition to the Limit of Insurance.

6. PROPERTY OPTIONAL COVERAGES

The Property Optional Coverages do not apply to Property in the Course of Construction.

7. PROPERTY DEDUCTIBLES

Property Deductibles is replaced by the following only with respect to Property in the Course of Construction:

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible amount shown in the Schedule. We will then pay the amount of loss or damage in excess of the deductible.

In the event that loss or damage occurs to Covered Property at more than one *covered job site*, the deductible will be applied only once. If more than one limit of insurance and deductible shown in the Schedule applies to a covered loss, only the highest deductible will be applied.

8. PROPERTY GENERAL CONDITIONS

- a. The following are added:

(1) When Coverage Ceases.

Coverage will cease under this endorsement according to the following:

- (a) The *covered property* is accepted by the purchaser;
- (b) The *covered property* is occupied for its intended use;
- (c) The *covered property* has been completed for more than 90 days;
- (d) This policy expires or is cancelled;
- (e) Your interest in the *covered property* ceases;
- (f) You abandon construction with no intent to complete the work;
- (g) When 25% of the building or structure is occupied; or
- (h) After 30 days from initial occupancy.

(2) Premium Audit

- (a) The premium shown for this endorsement in the Declarations is a deposit premium only and is based on the Premium Basis

Estimate and the Rate shown in the Schedule. When this coverage expires or is cancelled, we will compute the earned premium based on the actual exposure for the premium basis. The larger of the premium computed above and the minimum premium shown in the Schedule is the final earned premium for this endorsement. If a premium payment is due, we will send notice to the First Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the deposit premium paid for the policy period is greater than the earned premium, we will return the excess to the First Named Insured.

- (b) You must keep records of the information we need for premium computation and send us copies at such times as we may request.

- b. Paragraph b of Property General Condition 2 Mortgageholders is replaced by the following:

We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Schedule in their order of precedence, as interests may appear.

9. PROPERTY LOSS CONDITIONS

- a. Property Loss Condition 2, Appraisal, is replaced by the following in all states except Missouri and South Dakota, but only with respect to the Soft Costs and Rental Income Coverage provided under this endorsement:

Appraisal - Soft Costs and Rental Income

If you and we do not agree on the amount of the soft cost expenses or loss of rental income, both you and we may agree to have these amounts be determined by appraisal.

In this event, each will select a competent, independent appraiser and notify the other of the appraisers identity within 20 days of agreeing to the appraisal. The two appraisers will select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will determine and state separately the incurred soft cost expenses and loss of rental income. If the appraisers submit a written report of any agreement to us, the amount agreed upon will be the

amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by you and us.

- b. Property Loss Condition 2, Appraisal, is replaced by the following in Missouri only, but only with respect to the Soft costs and Rental Income Coverage provided under this endorsement:

Appraisal - Soft Costs and Rental Income

If we and you disagree on the amount of the soft cost expenses or loss of rental income, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, we or you may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the incurred soft cost expenses and loss of rental income. If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraiser's submissions of their differences. A decision agreed to by any two will be binding.

Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- c. Property Loss Condition 2, Appraisal, is replaced by the following in South Dakota only, but only with respect to the Soft Costs and Rental Income Coverage provided under this endorsement:

Appraisal - Soft Costs and Rental Income

If you and we do not agree on the amount of the soft cost expenses or loss of rental income, then an appraisal of these amounts may be made if both parties agree to the appraisal.

In this event, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of agreeing to the appraisal. The two

appraisers will select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will determine and state separately the incurred soft cost expenses and loss of rental income. If the appraisers submit a written report of any agreement to us, the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by you and us.

Appraisals are not binding. Any decision may be appealed to a court of competent jurisdiction.

- d. The following are added to Property Loss Condition 3, Duties in the Event of Loss or Damage, and apply only to the Soft Costs and Rental Income Coverage provided under this endorsement:

(1) Due Diligence. We pay only for soft cost expenses or loss of rental income during the period of time that would be required with due diligence and dispatch to rebuild or restore the damage covered property with materials of like kind and quality. You must do everything reasonably possible to minimize soft cost expenses and loss or rental income.

(2) Interference and Access. You must minimize any interference with the construction schedule to avoid or reduce any resulting *delay*.

You must also allow us access to the covered property so that we can negotiate with the contractors, manufacturers, suppliers or other involved parties so we can:

- (a) Establish the cause and extent of the loss to covered property, soft cost expenses and loss of rental income; and
- (b) Determine and suggest methods to minimize or avoid the *delay* in construction, repairing, remodeling or renovation.

- e. The following is added to Property Loss Condition 5, Loss Payment and Valuation:

- (1) The value of Buildings Under Construction will be based on the replacement cost without any deduction for depreciation.

The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment shall not exceed the amount you spend to repair or replace the damaged or destroyed property.

- (2) The value of Installation Projects will be based on the lesser of the following amounts:
- (a) The actual cost to repair, replace or rebuild the covered property with materials of like kind and quality. The actual cost may include material, labor and reasonable overhead expenses; or
 - (b) The amount you actually spend to repair, replace or rebuild the covered property.
- (3) Expenses and Income. We pay only soft cost expenses and loss of rental income incurred within 12 consecutive months after the loss to Buildings Under Construction or Installation Projects.

10. PROPERTY DEFINITIONS

The following definitions are added:

- a. "*Covered job site*" means any location, job site or project where you are in the process of construction or installation.
- b. "*Delay*" means a delay in the construction, erection or fabrication of Buildings Under Construction or Installation Projects.
- c. "*Earthquake*" means seismic activity, including tremors and aftershocks, and any earth sinking, rising or shifting related to such event.
- d. "*Flood*" means a general and temporary condition of partial or complete inundation of normally dry land areas due to:
 - (1) The overflow of inland tidal waters;
 - (2) The unusual or rapid accumulation or runoff of surface waters from any source; or
 - (3) Mudslides or mudflows which are caused by flooding as defined in 10d(2) of this endorsement. A mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

SCHEDULE

Limit of Insurance: \$100,000

Deductible: \$1,000

Earthquake Optional Coverage

Limit of Insurance	Deductible
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Flood Optional Coverage

Limit of Insurance	Deductible
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Premium Basis	Estimate	Rate
Payroll Plus 50% of the Cost of Subcontracted Work	\$1,078,629	\$2.240 Per \$1,000

Minimum Premium = \$50

EXCLUSION - HABITATIONAL EXTERIOR INSULATION
FINISH SYSTEMS

CB-7237(8-19)

This endorsement modifies insurance provided under the following:

BIS-PAK BUSINESS LIABILITY AND MEDICAL
EXPENSES COVERAGE FORM

1. The following exclusion is added:

This insurance does not apply to *bodily injury* or *property damage* included in the *Products-completed operations hazard* or to *personal and advertising injury* arising out of:

- a. The design, manufacture, sale, service, handling, construction, fabrication, preparation, installation, application, maintenance, disposal or repair, including remodeling, service, correction or replacement of an *exterior insulation and finish system* or any part thereof;
- b. The application or use of conditioners, primers, accessories, flashing, coatings, caulking or sealant in connection with an *exterior insulation and finish system*;
- c. Any method or procedure used to correct problems with an installed or partially installed *exterior insulation and finish system*; or
- d. Any work or operations performed on or to an *exterior insulation and finish system* or any component thereof or on or to a building or structure to which an *exterior insulation and finish system* attaches that results, directly or indirectly, in the intrusion of water or moisture, including any resulting fungus, mold, mildew, virus or bacteria and any mycotoxins, spores, scents or byproducts thereof, into or on any part of the building or structure on which you performed such work or operations.

This exclusion applies only if the *exterior insulation and finish system* is or was attached to a building or structure used solely for *habitational* purposes.

This exclusion applies to *bodily injury*, *property damage*, *personal and advertising injury*:

- a. Arising out of work or operations, as described in 1 above, whether performed by you or on your behalf.
 - b. For which you assume liability in a contract or agreement, regardless of whether such contract or agreement is an *insured contract*.
2. The following is added to Liability and Medical Expenses Definitions:
- a. An "*Exterior insulation and finish system*" (EIFS) is a non-load bearing, exterior wall cladding system that consists of an insulation board attached either adhesively or mechanically, or both, to the substrate; an integrally reinforced base coat; and a textured protective finish coat. It includes, but is not limited to, synthetic stucco or a similar system that is an exterior cladding or finish system used on a building or structure consisting of:
 - (1) A rigid or semi-rigid insulation board made of expanded polystyrene or other materials or a rigid or semi-rigid substrate;
 - (2) The adhesive and/or mechanical fasteners used to attach the insulation board to substrate or the substrate to the structure including any water-durable exterior wall substrate;
 - (3) A reinforced or unreinforced base coat or mesh;
 - (4) A finish coat providing surface texture to which color may be added; and
 - (5) Any flashing, caulking or sealant used with the system for any purpose.
 - b. "*Habitational*" means single or multifamily housing, including apartments, condominiums, townhouses or planned unit developments.

ADDITIONAL INSURED - COMPLETED OPERATIONS AUTOMATIC STATUS
WHEN REQUIRED IN CONSTRUCTION AGREEMENT WITH YOU (OWNERS,
LESSEES OR CONTRACTORS)

CB-7245B(7-13)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

1. Who Is An Insured is amended to include as an additional insured:
 - a. Any person(s) or organization(s) for whom you have performed operations if you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person(s) or organization(s) be added as an additional insured on your policy for completed operations; and
 - b. Any other person(s) or organization(s) you are required to add as an additional insured under the contract or agreement described in paragraph a above.

Such person or organization is an additional insured only with respect to liability included in the *products-completed operations hazard* for *bodily injury* or *property damage* caused, in whole or in part, by *your work* performed for that additional insured at the location designated and described in the contract or agreement.

However:

- a. The insurance afforded to such additional insured only applies to the extent permitted by law; and
 - b. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
2. The insurance does not apply to:
 - a. *Bodily injury* or *property damage* which occurs prior to execution of the contract or agreement described in item 1; or

- b. *Bodily injury* or *property damage* that occurs after the time period during which the contract or agreement described in item 1 requires you to add such person or organization onto your policy as an additional insured for completed operations; or
- c. *Bodily injury* or *property damage* arising out of the rendering of, or the failure to render, any professional, architectural, engineering or surveying services, including:
 - (1) The preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (2) Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *occurrence* which caused the *bodily injury* or *property damage* involved the rendering of or the failure to render any professional services by or for you.

3. With respect to the insurance afforded to these additional insureds, the following is added to the Liability And Medical Expenses Limits Of Insurance section:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement; or
- b. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

POLICY NUMBER: Z95032

EXCLUSION - DESIGNATED OPERATIONS COVERED BY A
CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM

CB-7256(10-03)

This endorsement modifies insurance provided under the following:

BUSINESS LIABILITY AND MEDICAL EXPENSES
COVERAGE FORM

The following is added to paragraph 1 under Exclusions:

This insurance does not apply to *bodily injury* or *property damage* arising out of either your ongoing operations or operations included within the *products-completed operations hazard* at the location described in the Schedule of this endorsement, as a

consolidated (wrap-up) insurance program has been provided by the prime contractor / project manager or owner of the construction project in which you are involved.

This exclusion applies whether or not the consolidated (wrap-up) insurance program:

1. Provides coverage identical to that provided by this Coverage Form;
2. Has limits adequate to cover all claims; or
3. Remains in effect.

SCHEDULE

Description and Location
of Operations(s)

911 EMERSON PROJECT, CA FOCUS EVENSTON PROPERTY OWNER
JAMES MCHUGH CONSTR INC
403 N WABASH AVE
CHICAGO IL 60611

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM - PROPERTY

CB-7296(1-15)

This endorsement modifies insurance provided under the following:

BIS-PAK® COVERAGE PART

The following provisions are added and apply to Property and Liability Coverages if applicable:

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a *certified act of terrorism* include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastruc-

ture and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF
TERRORISM

CB-7298(1-15)

This endorsement modifies insurance provided under
the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EX-
PENSES COVERAGE FORM

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a
certified act of terrorism that are awarded as
punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is
certified by the Secretary of the Treasury, in ac-
cordance with the provisions of the federal Terror-
ism Risk Insurance Act, to be an act of terrorism
pursuant to such Act. The criteria contained in the
Terrorism Risk Insurance Act for a *certified act of*

terrorism include the following:

1. The act resulted in insured losses in excess
of \$5 million in the aggregate, attributable to
all types of insurance subject to the Terror-
ism Risk Insurance Act; and
 2. The act is a violent act or an act that is
dangerous to human life, property or infra-
structure and is committed by an individual
or individuals as part of an effort to coerce
the civilian population of the United States
or to influence the policy or affect the con-
duct of the United States Government by
coercion.
- C. The terms and limitations of any terrorism ex-
clusion, or the inapplicability or omission of a
terrorism exclusion, do not serve to create cov-
erage for injury or damage that is otherwise
excluded under this Policy.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM - LIABILITY

CB-7299(1-15)

This endorsement modifies insurance provided under the following:

BIS-PAK® COVERAGE PART

The following provisions are added and apply to Property and Liability Coverages if applicable:

Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a *certified act of terrorism* include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

POLICY NUMBER: Z95032

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS -
SCHEDULED PERSON OR ORGANIZATION

CB-7331B(10-01)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL
EXPENSES COVERAGE FORM

1. The following is added to Who Is An Insured:

Any person or organization shown in the Schedule is also an insured, but only with respect to liability arising out of your ongoing operations performed for that insured.

2. With respect to the insurance afforded to these additional insureds, the following exclusion is added:

2. Exclusions

This insurance does not apply to *bodily injury* or *property damage* occurring after:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
- (2) That portion of *your work* out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

SCHEDULE

Person or Organization
(Name and Address)

 BERGLUND CONSTRUCTION COMPANY
 C/O BERGLUND CONSTRUCTION
 8410 S SOUTH CHICAGO AVE
 CHICAGO IL 60617

 209 EAST LAKE SHORE DRIVE
 CORPORATION
 8410 S SOUTH CHICAGO AVE
 CHICAGO IL 60617

 KELLERMEYER GODFRYT HART PC
 C/O BERGLUND CONSTRUCTION
 8410 S SOUTH CHICAGO AVE
 CHICAGO IL 60617

 KELLERMEYER GODFRYT HART
 C/O BERGLUND CONSTRUCTION
 8410 S SOUTH CHICAGO AVE
 CHICAGO IL 60617

 CITY OF CHICAGO ITS EMPLOYEES
 & AGENTS
 8410 S SOUTH CHICAGO AVE
 CHICAGO IL 60617

 EXP US SERVICES INC
 205 N MICHIGAN AVE STE 3600
 CHICAGO IL 60601

 US GOVERNMENT GSAR 552.228-5
 C/O US GOVERNMENT
 230 S DEARBORN ST
 CHICAGO IL 60604

 FREDRICK QUINN CORPORATION
 103 S CHURCH ST
 ADDISON IL 60101

 ATOMATIC MECHANICAL SERVICES
 INC & OBLEFT LLC
 3733 N VENTURA DR
 ARLINGTON HEIGHTS IL 60004

POLICY NUMBER: Z95032

ADDITIONAL INSURED - COMPLETED OPERATIONS SCHEDULED (OWNERS,
LESSEES OR CONTRACTORS)

CB-7333B(10-01)

This endorsement modifies insurance provided under
the following:BIS-PAK® BUSINESS LIABILITY AND MEDICAL
EXPENSES COVERAGE FORM

The following is added to Who Is An Insured:

Any person or organization shown in the Schedule is
also an insured, but only with respect to liability
arising out of *your work* at the location designated and
described in the schedule of this endorsement
performed for that insured and included in the
products-completed operations hazard.

SCHEDULE

Person or Organization (Name and Address)	Location and Description of Completed Operations
EXP US SERVICES INC 205 N MICHIGAN AVE STE 3600 CHICAGO IL 60601	FURNISHING ELECTRICAL INSTALLA TION FOR LOW VOLTAGE CONTROL FOR FLOORS 18, 28,37,38 & 39
US GOVERNMENT GSAR 552.228-5 C/O US GOVERNMENT 230 S DEARBORN ST CHICAGO IL 60604	FURNISHING ELECTRICAL INSTALLA TION FOR LOW VOLTAGE CONTROL FOR FLOORS 18, 28,37,38 & 39
FREDRICK QUINN CORPORATION 103 S CHURCH ST ADDISON IL 60101	FURNISHING ELECTRICAL INSTALLA TION FOR LOW VOLTAGE CONTROL FOR FLOORS 18, 28,37,38 & 39
ATOMATIC MECHANICAL SERVICES INC & OBLEFT LLC 3733 N VENTURA DR ARLINGTON HEIGHTS IL 60004	ALL JOBS FOR INTEREST

EXCLUSION - UNMANNED AIRCRAFT

CB-7406(6-15)

This endorsement modifies insurance provided under the following:

BIS-PAK® LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

A. Exclusion 1g is replaced by the following:

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

Bodily injury, property damage, or personal and advertising injury arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an *unmanned aircraft*. Use includes operation and *loading or unloading*.

This paragraph g(1) applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *occurrence* which caused the *bodily injury, property damage, or personal and advertising injury* involved the ownership, maintenance, use or entrustment to others of any aircraft that is an *unmanned aircraft*.

This paragraph g(1) does not apply to:

- a. The use of another's advertising idea in your *advertisement*; or
- b. Infringing upon another's copyright trade dress or slogan in your *advertisement*.

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

Bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than *unmanned aircraft*), *auto* or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and *loading or unloading*.

This paragraph g(2) applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *occurrence* which caused the *bodily injury or property damage* involved the ownership,

maintenance, use or entrustment to others of any aircraft (other than *unmanned aircraft*), *auto* or watercraft that is owned or operated by or rented or loaned to any insured.

This paragraph g(2) does not apply to:

- (a) A watercraft while ashore on premises you own or rent;
- (b) A watercraft you do not own that is:
 - (i) Less than 51 feet long; and
 - (ii) Not being used to carry persons or property for a charge;
- (c) Parking an *auto* on, or on the ways next to, premises you own or rent, provided the *auto* is not owned by or rented or loaned to you or the insured;
- (d) Liability assumed under any *insured contract* for the ownership, maintenance or use of aircraft or watercraft; or
- (e) *Bodily injury or property damage* arising out of:
 - (i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of *mobile equipment* if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (ii) The operation of any of the machinery or equipment listed in paragraph f(2) or f(3) of the definition of *mobile equipment*.

B. The following definition is added to the Liability and Medical Expenses Definitions section:

"Unmanned aircraft" means an aircraft that is not:

1. Designed;
2. Manufactured; or
3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

CIVIL AUTHORITY CHANGE

CB-7410(8-15)

This endorsement modifies insurance provided under the following:

DELUXE BIS-PAK® PROPERTY COVERAGE FORM

Paragraph 5h(1) Civil Authority under Property Coverages is replaced by the following:

h. Civil Authority

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within the area.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS -
AUTOMATIC STATUS WHEN REQUIRED IN CONSTRUCTION
AGREEMENT WITH YOU

CB-7433B(7-13)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM

1. Who Is An Insured is amended to include as an additional insured:
 - a. Any person(s) or organization(s) for whom you are performing operations when you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy; and
 - b. Any other person(s) or organization(s) you are required to add as an additional insured under the contract or agreement described in paragraph a above.

Such person(s) or organization(s) is an additional insured only with respect to liability for *bodily injury*, *property damage* or *personal and advertising injury* caused, in whole or in part, by:

- a. Your acts or omissions; or
- b. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

- a. Only applies to the extent permitted by law; and
- b. Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends on the earlier of the date:

- a. When your operations for that insured are completed; or
- b. The contract or agreement you have entered into with the additional insured is terminated.

2. With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- a. *Bodily injury*, *property damage* or *personal and advertising injury* arising out of the rendering of, or the failure to render, any pro-

fessional architectural, engineering or surveying services, including:

- (1) The preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
- (2) Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *occurrence* which caused the *bodily injury* or *property damage*, or the offense which caused the *personal and advertising injury*, involved the rendering of or the failure to render any professional services.

- b. *Bodily injury* or *property damage* occurring after:

- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- (2) That portion of *your work* out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

3. With respect to the insurance afforded to these additional insureds, the following is added to the Liability And Medical Expenses Limits Of Insurance section:

The most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement you have entered into with the additional insured; or
- b. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

ACUITY PROPERTY ENHANCEMENTS - GOLD

CB-7439(3-21)

This endorsement modifies insurance provided under the following:
 DELUXE BIS-PAK® PROPERTY COVERAGE FORM

SCHEDULE

Coverage	Limit of Insurance	Page
Accounts Receivable (On Premises)	\$100,000	14
Business Income from Dependent Properties	\$25,000	4
Computer Fraud and Funds Transfer Fraud	\$10,000	14
Consequential Loss (Including Pair and Set)	\$25,000	16
Contractual Financial Penalties	\$5,000	16
Cost to Prepare Inventory	\$10,000	5
Credit Card Slips	\$5,000	16
Debris Removal	\$100,000	3
Deferred Payments	\$5,000	17
Electronic Data	\$10,000	5
Employee Dishonesty	\$25,000	23
Expediting Expense	\$10,000	17
Fine Arts Coverage	\$25,000	5
Fire Department Service Charge (not available in Arizona)	\$25,000	3
Fire Extinguisher Systems Recharge Expense	Actual Loss Sustained	4
Fire Extinguisher Systems Discharge Damage	\$25,000	4
Forgery and Alteration	\$25,000	4
Interruption of Computer Operations	\$10,000	5
Leased Building Property	\$10,000	18
Leasehold Interest	\$10,000	18
Lock Replacement	\$10,000	7
Money and Securities Inside the Premises Outside the Premises	\$25,000 \$5,000	14
Money Orders and Counterfeit Money	\$25,000	4
Newly Acquired or Constructed Property - Buildings	\$1,000,000	12
Newly Acquired or Constructed Property - Business Personal Property	\$500,000	13
Newly Acquired or Constructed Property - Business Income and Extra Expense	\$250,000	18
Non-owned Detached Trailers	\$10,000	19
Off-premises Electronic Data Storage	\$25,000	19
Off-premises Utility Failure - Direct Damage	\$50,000	7
Off-premises Utility Failure - Time Element	\$25,000	7
Ordinance or Law - Blanket Coverages A, B, and C	\$100,000	8
Ordinance or Law - Blanket Coverages A, B, and C Green Coverage	\$30,000	9
Ordinance or Law - Increased Period of Restoration	\$25,000	12
Outdoor Property	\$25,000	14
Outdoor Signs	\$50,000	23
Personal Effects	\$25,000	13
Pollutant Clean-up and Removal	\$25,000	3
Power Failure and Changes in Temperature or Humidity	\$50,000	19

Property in Transit	\$25,000	13
Property of Others	\$150,000	13
Property Off-Premises	\$25,000	13
Rewards	\$25,000	12
Sales Representative's Samples	\$25,000	19
Security After Loss	\$10,000	12
Tenant Improvements and Betterments - Ordinance or Law	\$25,000	20
Tenant Leasehold Improvements	\$25,000	22
Tenant Move-back Expenses	\$5,000	22
Theft Loss Damage to Non-owned Property	\$5,000	22
Tools and Equipment	\$15,000	12
Valuable Papers and Records (On Premises)	\$100,000	14
Additional Included Coverages		
Additional Covered Property Foundations, Underground Pipes, Flues and Drains, Driveways, Patios and Paved Surfaces	Included	3
Attached Outdoor Signs	Included	3
Business Income - No Waiting Period	Included	23
Business Income - Increased Period of Restoration Up to 24 Months	Included	4
Business Personal Property Location Extended to 1,000 Feet of Premises	Included	3
Extended Business Income - 90 Days	Included	4
Newly Acquired or Constructed Property - 90 Days of Coverage	Included	13
Preservation of Property - 90 Days of Coverage	Included	3
Temporary Coverage for Relocated Property	Included	19

A. Attached Outdoor Signs

1. The following replaces paragraph (3) of paragraph 1a under Property Coverages:
(3) Fixtures, including outdoor fixtures, and outdoor signs attached to your building;
2. Paragraph 2 of Property Limits of Insurance is deleted.

B. Additional Covered Property

The following is added to 1a, Buildings, under the Property Coverages section:

1. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - a. The lowest basement floor; or
 - b. The surface of the ground, if there is no basement;
2. Underground pipes, flues and drains; and
3. Driveways, patios, walks and other paved surfaces.

C. Business Personal Property Location

1. The first paragraph of 1b of Property Coverages is replaced by the following:
Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including:
2. The first paragraph of item (3) in g Business Income and Extra Expense under 5 Additional Coverages is replaced by the following:
We will pay necessary Extra Expense you incur during the *period of restoration* that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

D. The following Additional Coverages are modified:

1. Debris Removal

Paragraph (4) of Debris Removal of 5 Additional Coverages is replaced by the following:

- (4) We will pay up to the Debris Removal Limit of Insurance shown in the Schedule as an additional amount for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or

both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach, but will never exceed, the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the Debris Removal Limit of Insurance shown in the Schedule.

2. Pollutant Clean Up and Removal

The last paragraph of b Pollutant Clean Up and Removal of 5 Additional Coverages is replaced by the following:

The most we will pay under this Additional Coverage for each location is the Pollutant Cleanup and Removal Limit of Insurance shown in the Schedule for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

3. Preservation of Property - 90 Days of Coverage

Paragraph c(2) of c Preservation of Property of 5 Additional Coverages is replaced by the following:

- (2) Only if the loss or damage occurs within 90 days after the property is first moved.

4. Fire Department Service Charge

Paragraph d Fire Department Service Charge of 5 Additional Coverages is replaced by the following:

d. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Fire Department Service Charge Limit of Insurance shown in the Schedule for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

This Additional Coverage supersedes any other provision providing coverage for Fire Department Service Charge in this policy.

This Additional Coverage does not apply in Arizona.

5. Business Income - Increased Period of Restoration Up to 24 Months

Paragraph (5) of g Business Income and Extra Expense of 5 Additional Coverages is replaced by the following:

(5) We will only pay for Loss of Business Income or Extra Expense that you sustain during the *period of restoration* and that occurs within 24 consecutive months after the date of direct physical loss or damage. Items (1) through (5) of this Additional Coverage are not subject to the Limits of Insurance.

6. Extended Business Income - 90 Days

Paragraph (6)(b)(ii) of g Business Income and Extra Expense of 5 Additional Coverages is replaced by the following:

(ii) The total number of days for Extended Business Income shown in the Schedule of this endorsement plus the number of days shown in the Schedule on CB-7135 if that endorsement is attached to your policy.

7. Money Orders and Counterfeit Money

The following replaces the last paragraph of i Money Orders and Counterfeit Money of 5 Additional Coverages:

The most we will pay for any loss under this Additional Coverage is the Money Orders and Counterfeit Money Limit of Insurance shown in the Schedule.

8. Forgery and Alteration

Paragraph (4) of j Forgery and Alteration of 5 Additional Coverages is replaced by the following:

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is the sum of:

(a) The Forgery and Alteration Limit of Insurance shown in the Schedule; and

(b) The Forgery and Alteration Limit of Insurance, if any, shown in the Declarations.

9. Business Income from Dependent Properties

The last paragraph of item (1) of l Business Income From Dependent Properties of 5

Additional Coverages is replaced by:

The most we will pay under this Additional Coverage is the sum of:

(a) The Business Income from Dependent Properties Limit of Insurance shown in the Schedule; and

(b) The greater of:

(1) The Business Income from Dependent Properties Limit of Insurance, if any, shown in the Declarations; or

(2) The Limit of Insurance referred to in CB-7370, if applicable.

10. Fire Extinguisher Systems Recharge Expense

a. Paragraph (1)(a) of n Fire Extinguisher Systems Recharge Expense of 5 Additional Coverages is replaced by the following:

(a) The actual cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises; and

b. Paragraph (3) of n Fire Extinguisher Systems Recharge Expense of 5 Additional Coverages is deleted.

11. Fire Extinguisher Systems Discharge Damage

a. Paragraph (1)(b) of n Fire Extinguisher Systems Recharge Expense of 5 Additional Coverages is replaced by the following:

(b) For the loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguish system up to the Fire Extinguisher Systems Discharge Damage Limit of Insurance shown in the Schedule.

b. Paragraph (3) of n Fire Extinguisher Systems Recharge Expense of 5 Additional Coverages is deleted.

12. Water Backup of Sewers or Drains - Computers

The following is added to o Water Backup of Sewers or Drains - Computers of 5 Additional Coverages:

(3) The following definition is added to Property Definitions:

"*Electronic media and records*" means videos, audio records and pictures stored on computer hardware that you own and

that is at the described location. Computer hardware, as used above, means any internal or external memory card or device. *Electronic media and records* does not include *electronic data*.

13. Electronic Data

Paragraph (3) of p Electronic Data of 5 Additional Coverages is replaced by the following:

(3) (a) The most we will pay under this Additional Coverage - Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is the sum of:

- i. The Electronic Data Coverage Limit of Insurance shown in the Schedule; and
- ii. The Electronic Data Coverage Limit of Insurance, if any, shown in the Declarations.

(b) If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

14. Interruption of Computer Operations

Paragraph q(3) of 5 Additional Coverages is replaced by the following:

(3) The most we will pay under this Additional Coverage - Interruption of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is the sum of:

- (a) The Interruption of Computer Operations Limit of Insurance shown in the Schedule; and
- (b) The Interruption of Computer Operations Limit of Insurance, if any, shown in the Declarations.

If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as

a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

E. The following Additional Coverages are added:

1. Cost to Prepare Inventory

We will pay reasonable expenses, for the taking of inventory and appraisals, incurred by you at our request to assist us in the determination of the amount of a covered loss.

We do not pay for:

- a. Any expense incurred under the Property Loss Conditions, Appraisals; or
- b. Any public adjusters' fees.

The most that we will pay under this Additional Coverage is the Cost to Prepare Inventory Limit of Insurance shown in the Schedule.

2. Fine Arts Coverage

- a. We will pay for direct physical loss of or damage to fine arts which are not covered by insurance purchased specifically for the item caused by or resulting from any Covered Cause of Loss.

We do not pay for fine arts that are on display at fairgrounds or at a national or international exposition.

We do not pay for loss or damage to fine arts caused by or that results from:

- (1) A process to repair, retouch, restore, adjust, service or maintain the covered fine arts. If a fire or explosion results, we do not cover the loss caused by the fire or explosion.
- (2) The gradual accumulation of dust, dirt or pollutants.
- (3) Breakage of art glass windows, statuary, marble works of art, glassware, bric-a-brac, porcelains or similar fragile items unless it is caused by a *specified causes of loss*.

The most we will pay under this Additional Coverage is the Fine Arts Coverage Limit of Insurance shown in the Schedule.

Fine arts includes paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, marble and bronze works of art and similar property of rarity, historical value or artistic merit.

- b. Item 3, Covered Causes of Loss, under Property Coverages is replaced by the following:

Covered Causes of Loss

Risks of Direct Physical Loss unless the loss is excluded in paragraph E2c of this endorsement.

- c. The Property Exclusions Section is replaced by the following:

Property Exclusions

- (1) We do not pay for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as or after the excluded causes or events. We do not pay for loss:

(a) Civil Authority

Caused by order of any civil authority, including seizure, confiscation, destruction or quarantine of property.

We do pay for loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a cause of loss excluded under this coverage.

(b) Nuclear Hazard

Caused by or resulting from a nuclear reaction, nuclear radiation or radioactive contamination, however caused. Loss caused by nuclear hazard is not considered loss caused by fire, explosion or smoke. We do pay for direct loss by fire resulting from the nuclear hazard.

(c) War

Caused by war. This means declared war, undeclared war, civil war, insurrection, rebellion or revolution; a warlike act by a military force or by military personnel; the destruction, seizure or use of the property for a military purpose; or the

discharge of a nuclear weapon even if it is accidental.

- (2) We do not pay for loss or damage if one or more of the following exclusions apply to the loss.

(a) Dishonesty

We do not pay for loss caused by or resulting from criminal, fraudulent, dishonest or illegal acts alone or in collusion with another by you; others who have an interest in the property; others to whom you entrust the property; your partners, officers, directors, trustees or joint adventurers; or the employees of agents of any of the above, whether or not they are at work.

This exclusion does not apply to acts of destruction by your employees, but we do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

(b) Deterioration, Fault or Weakness

We do not pay for deterioration; decay; or any quality, fault or weakness in the covered property that causes it to damage or destroy itself. This exclusion does not apply to loss caused by *mechanical breakdown*.

(c) Lease Terms

We do not pay for loss caused by a covered cause of loss for which you are not responsible under the terms of any lease or rental agreement.

(d) Loss of Use

We do not pay for loss caused by or resulting from loss of use, business interruption, delay or loss of market.

This exclusion does not apply to Extra Expense coverage as provided under Additional Coverages.

(e) Temperature, Humidity, Corrosion or Rust

We do not pay for loss caused by corrosion, rust, humidity, dampness, dryness or changes in or extremes of temperature.

(f) Mysterious disappearance

(g) Wear and tear

3. Lock Replacement

We will cover your costs to repair or replace door locks or tumblers at your described premises, because of theft or loss of your door keys. The most we will pay under this Additional Coverage in any one occurrence is the Lock Replacement Limit of Insurance shown in the Schedule.

No deductible applies to this Additional Coverage.

4. Off-Premises Utility Failure

a. Time Element

- (1) We will pay for loss of Business Income or Extra Expense at the described premises caused by the interruption of utility services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises.

(a) Water Supply Services

Pumping stations and water mains supplying water to the described premises.

(b) Communication Supply Services

Property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites.

(c) Power Supply Services

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines; supplying electricity, steam or gas to the described premises.

- (2) Coverage under this endorsement does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss of damage to *electronic data*, including destruction or corruption of *electronic data*.

- (3) The most we will pay under this Additional Coverage is the

Off-Premises Utility Failure - Time Element Limit of Insurance shown in the Schedule.

b. Direct Damage

- (1) We will pay for loss of or damage to Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph (3), below.

(2) Exception

Coverage under this endorsement for loss or damage to Covered Property does not apply to loss or damage to *electronic data*, including destruction or corruption of *electronic data*.

(3) Utility Services

- (a) "Water supply services," meaning the following types of property supplying water to the described premises:

- (i) Pumping stations; and
- (ii) Water mains.

- (b) "Communication supply services," meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites.

- (c) "Power supply services," meaning the following types of property supplying electricity, steam or gas to the described premises:

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines.

- (4) The most we will pay under this Additional Coverage for all utility service direct damage loss for any one premises is the Off-Premises Utility Failure - Direct Damage Limit of Insurance shown in the Schedule.

c. Exclusion e Utility Services in Property

Exclusions does not apply to this Additional Coverage.

5. Ordinance or Law - Blanket Coverages A, B, and C

a. Application of Coverage

The Ordinance or Law Coverage applies only if both a(1) and a(2) are satisfied.

(1) The ordinance or law:

(a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(b) Is in force at the time of loss.

But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

(2) The building sustains direct physical damage:

(a) That is covered under this policy and such damage results in enforcement of the ordinance or law; or

(b) That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(c) But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

(3) (a) In the situation described in a(2)(b) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage A, Coverage B or Coverage C of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(b) However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss

otherwise payable under terms of Coverage A, Coverage B or Coverage C of this endorsement.

b. We will not pay under Coverage A, Coverage B or Coverage C for:

(1) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by *pollutants* or due to the presence, growth, proliferation, spread of any activity of *fungi*, wet or dry rot or bacteria; or

(2) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of *pollutants*, *fungi*, wet or dry rot or bacteria.

c. Coverage

(1) Coverage A - Coverage for Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

(2) Coverage B - Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(3) Coverage C - Increased Cost of Construction Coverage

(a) With respect to the building that has sustained covered direct physical damage, we will pay for the increased cost to:

(i) Repair or reconstruct damaged portions of that building; and/or

(ii) Reconstruct or remodel undamaged portions of that

building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(b) However:

(i) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

d. Coverage Amounts and Loss Payments

(1) Ordinance or Law Coverage Amount

The most we will pay under this Additional Coverage, for the total of all covered loss for Coverage A, Coverage B, and Coverage C combined is the Ordinance or Law Limit of Insurance shown in the Schedule. This blanket coverage amount applies separately to each building described in the Declarations. This coverage amount does not include loss due to *green ordinance or law* requirements.

(2) Subject to the coverage amount in (1) above, the following loss payment provisions apply:

(a) When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If the property is repaired or replaced, on the same or another premises we will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building but not for more than the amount it would cost to restore the building on the same premises and of the same heights, floor area, style and comparable quality of the original property insured; or

(ii) If the property is not repaired or replaced, we will not pay

more than the actual cash value of the building at the time of loss.

(b) Under Coverage B, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(c) With respect to Coverage C:

(i) We will not pay under Coverage C:

I. Until the property is actually repaired or replaced, at the same or another premises; and

II. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the increased cost of construction at the same premises.

(iii) If the ordinance or law requires relocation to another premises, the most we will pay for under Coverage C is the increased cost of construction at the new premises.

e. Under this coverage, we will not pay for loss due to any ordinance or law that:

(1) You were required to comply with before the loss, even if the building was undamaged; and

(2) You failed to comply with.

f. No deductible applies to this Additional Coverage.

g. Item g of Property Loss Condition 5, Loss Payment and Valuation, does not apply to this Additional Coverage.

h. Exclusion 1a Ordinance or Law is deleted to the extent loss or damage resulting from enforcement of an ordinance or law is provided under this Additional Coverage.

6. Ordinance or Law Blanket Coverages A,

B, and C Green Coverage

a. Application of Coverage

The Ordinance or Law Green - Blanket applies only if both a(1) and a(2) are satisfied.

(1) The *green ordinance or law*:

(a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(b) Is in force at the time of loss.

But coverage applies only in response to the minimum requirements of the *green ordinance or law*. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

(2) The building sustains direct physical damage:

(a) That is covered under this policy and such damage results in enforcement of the *green ordinance or law*; or

(b) That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the *green ordinance or law*.

(c) But if the damage is not covered under this policy, and such damage is the subject of the *green ordinance or law*, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

b. We will not pay under Coverage A, Coverage B or Coverage C for:

(1) Enforcement of any *green ordinance or law* which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by *pollutants* or due to the presence, growth, proliferation, spread of any activity of *fungi*, wet or dry rot or bacteria; or

(2) The costs associated with the enforcement of any *green ordinance or law* which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of *pollutants*,

fungi, wet or dry rot or bacteria.

c. Coverage

(1) Coverage A - Coverage for Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of a *green ordinance or law* that requires demolition of undamaged parts of the same building.

(2) Coverage B - Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of a *green ordinance or law* that requires demolition of such undamaged property.

(3) Coverage C - Increased Cost of Construction Coverage

(a) With respect to the building that has sustained covered direct physical damage, we will pay for the increased cost to:

i) Repair or reconstruct damaged portions of that building; and/or

ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the *green ordinance or law*.

(b) However:

i) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

d. Coverage Amounts and Loss Payments

- (1) The most we will pay under this Additional Coverage for Ordinance or Law Green Coverage due to *green ordinance or law* requirements for the total of all covered loss for Coverage A, Coverage B, and Coverage C combined is the Ordinance or Law Green-Blanket Limit of Insurance shown in the Schedule. This blanket coverage amount applies separately to each building described in the Declarations.
- (2) Subject to the coverage amount in (1) above, the following loss payment provisions apply:
- (a) When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
- (i) If the property is repaired or replaced, on the same or another premises we will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building but not for more than the amount it would cost to restore the building on the same premises and of the same heights, floor area, style and comparable quality of the original property insured; or
- (ii) If the property is not repaired or replaced, we will not pay more than the actual cash value of the building at the time of loss.
- (b) Under Coverage B, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- (c) With respect to Coverage C:
- (i) We will not pay under Coverage C:
- I. Until the property is actually repaired or replaced, at the same or another premises; and
- II. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the increased cost of construction at the same premises.
- (iii) If the ordinance or law requires relocation to another premises, the most we will pay for under Coverage C is the increased cost of construction at the new premises.
- e. Under this coverage, we will not pay for loss due to any ordinance or law that:
- (1) You were required to comply with before the loss, even if the building was undamaged; and
- (2) You failed to comply with.
- f. No deductible applies to this Additional Coverage.
- g. Item g of Property Loss Condition 5, Loss Payment and Valuation, does not apply to this Additional Coverage.
- h. Exclusion 1a Ordinance or Law is deleted to the extent loss or damage resulting from an enforcement of an ordinance or law is provided by this Additional Coverage.
- i. The following definition is added to Property Definitions:
- "Green ordinance or law" means enhanced energy efficiency or use of environmentally-preferable sustainable materials, products or methods in design, construction, manufacture, demolition or operation, as recognized by an organization or governmental agency which produces and maintains guidelines related to *green ordinance or law* products and practices, including but not limited to:
- (a) The Leadership in Energy and Environmental Design (LEED) program of the U.S. Green Building Council;
- (b) ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy; and
- (c) Green Globes™, program of the Green Building Initiative.

7. Ordinance or Law - Increased Period of Restoration

- a. If a Covered Cause of Loss occurs to property at the described premises, coverage is extended to include the amount of loss you sustain during the increased period of suspension of *operations* caused by or resulting from the enforcement of any ordinance or law that:

- (1) Regulates the construction or repair of any property;
- (2) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- (3) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*.

- b. Under this Additional Coverage, we will pay no more than the Ordinance or Law Increased Period of Restoration Limit of Insurance shown in the Schedule. This limit is the most that we will pay under your policy for all losses and expenses you sustain during an increased period of or suspension of *operations* caused by or resulting from the enforcement of any ordinance or law.

- c. The following supersedes any conflicting provision:

For purposes of this Additional Coverage, the *period of restoration* includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

8. Rewards

We will pay to any individual or organization for information leading to a criminal conviction in connection with loss or damage to covered property caused by or resulting from a Covered Cause of Loss.

The most that we will pay under this Additional Coverage is the Rewards Limit of Insurance shown in the Schedule regardless of the number of persons or organizations involved in providing information.

No deductible applies to this Additional Coverage.

9. Security After Loss

We will pay for the cost of a security service approved by us that is used to protect Covered Property at the described premises, after a covered loss, if we determine it is necessary. The most that we will pay under this Additional Coverage is the Security After Loss Limit of Insurance shown in the Schedule.

10. Tools and Equipment

We will pay for direct physical loss of or damage to covered Tools and Equipment caused by or resulting from a Covered Cause of Loss. For the purposes of this Additional Coverage, covered Tools and Equipment are:

- a. Owned by you;
- b. Rented or leased to you or on your behalf if in your care, custody or control and used in your business;
- c. Borrowed by you or on your behalf while in your care, custody or control and used in your business; and
- d. Owned by your employees, but only while being used in connection with your business or in your care, custody or control.

We will determine the value of covered Tools and Equipment at the cost of replacement as of the time of loss or damage.

The most we will pay under this Additional Coverage is the Tools and Equipment Limit of Insurance shown in the Schedule.

The limitation for Business Personal Property located within 1,000 feet of the described premises in paragraph C1 of this endorsement does not apply to this Additional Coverage.

- F. The second paragraph of the Property Extensions of Coverage Section is replaced by the following:

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

- G. The following Property Extensions of Coverage are modified:

1. Newly Acquired or Constructed Property - Buildings

The last paragraph of Item a, Buildings, of 1 Newly Acquired or Constructed Property of Property Extensions of Coverage is replaced

by the following:

The most we will pay under this Extension of Coverage for loss or damage for each building is the Newly Acquired or Constructed Property - Buildings Limit of Insurance shown in the Schedule.

2. Newly Acquired or Constructed Property - Business Personal Property

The last paragraph of b, Business Personal Property, of 1 Newly Acquired or Constructed Property of Property Extension of Coverage is replaced by the following:

The most we will pay under this Extension of Coverage for loss or damage at each building is the Newly Acquired or Constructed Property - Business Personal Property Limit of Insurance shown in the Schedule.

3. Newly Acquired or Constructed Property - 90 Days of Coverage

The following replaces paragraph c(2), Period of Coverage, of 1 Newly Acquired or Constructed Property of Property Extensions of Coverage:

(2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

4. Personal Effects

Paragraph b of 2 Personal Effects and Property of Others of Property Extensions of Coverage is replaced by the following:

b. For purposes of the coverage provided in a(1) of Personal Effects and Property of Others Extension of Coverage, the most we will pay under paragraph a(1) for loss or damage to your personal effects at each described premises, is the Personal Effects Limit of Insurance shown in the Schedule.

5. Property of Others

The following changes are made to 2 Personal Effects and Property of Others of Property Extensions of Coverage:

a. the following is added to paragraph a(2):
This Extension does not apply to loss or damage by theft or to tools or equipment used in your business.

b. Paragraph b is replaced by the following:
b. For purposes of the coverage provided in a(2) of Personal Effects and Property of Others Extension of Coverage, the most we will pay under paragraph a(2) for loss or damage to property of others at each described premises is the Personal

Property of Others Limit of Insurance shown in the Schedule. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

6. Property Off-Premises

Item 3 Property Off-Premises of Property Extensions of Coverage is replaced by the following:

3. Property Off-Premises

a. You may extend the insurance provided by this policy to apply to your Covered Property, other than *money* and *securities, valuable papers and records*, accounts receivable, sales representative's samples (as described in paragraph H13 of this endorsement), or *computers*, while it is in the course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay under this Extension of Coverage for loss or damage under this extension is the Property Off-Premises Limit of Insurance shown in the Schedule. This extension does not apply to Covered Property in or on a vehicle.

b. However, under this extension, we will pay for loss or damage to *computer(s)* up to the Business Personal Property Limit shown in the Declarations.

c. This extension does not apply to any tools or equipment used in your business. Tools or equipment, as used above, does not include *computers*.

d. This Extension does not apply to Business Personal Property for which any payments have been made under the Deferred Payments Additional Coverage.

7. Property in Transit

Item 4 Property in Transit of Property Extensions of Coverage is replaced by the following:

4. Property in Transit

a. You may extend the insurance that applies to Business Personal Property, other than *computers*, to apply to your personal property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

- b. The most we will pay under this Extension of Coverage for loss or damage under this extension is the Property in Transit Limit of Insurance shown in the Schedule. However, under this extension, we will pay for loss or damage to *computer(s)* up to the Business Personal Property Limit shown in the Declarations.
- c. This Extension does not apply to Business Personal Property for which any payments have been made under the Deferred Payments Additional Coverage.

8. Outdoor Property

The last paragraph in 5 Outdoor Property, Property Extensions of Coverage, is replaced by the following:

The most we will pay under this Extension of Coverage for loss or damage is the Outdoor Property Limit of Insurance shown in the Schedule, but not more than \$1,000 for any one tree, shrub or plant.

9. Valuable Papers and Records (On Premises)

The first paragraph of Item c of 6 Valuable Papers and Records of Property Extensions of Coverage is replaced by the following:

The most we will pay under this Extension of Coverage for loss or damage to *valuable papers and records* in any one occurrence at the described premises is the sum of:

- (1) The Valuable Papers and Records Limit of Insurance shown in the Schedule; and
- (2) The Valuable Papers and Records Limit of Insurance, if any, shown in the Declarations.

10. Accounts Receivable (On Premises)

The first paragraph of Item b of 7 Accounts Receivable of Property Extensions of Coverage is replaced by the following:

The most we will pay under this Extension of Coverage for loss or damage in any one occurrence at the described premises is the sum of:

- (1) The Accounts Receivable Limit of Insurance shown in the Schedule; and
- (2) The Accounts Receivable Limit of Insurance, if any, shown in the Declarations.

11. Money and Securities

Paragraph c of 8 Money and Securities of Property Extensions of Coverage is replaced by the following:

- c. The most we will pay for loss in any one occurrence is:

(1) The sum of:

- (a) The Money and Securities Inside the Premises Limit of Insurance shown in the Schedule; and
- (b) The Money and Securities Inside the Premises Limit of Insurance, if any, shown in the Declarations; for *money* and *securities* in or on the described premises, or within a bank or savings institution; and

(2) The sum of:

- (a) The Money and Securities Outside the Premises Limit of Insurance shown in the Schedule; and
- (b) The Money and Securities Outside the Premises Limit of Insurance, if any, shown in the Declarations; for *money* and *securities* anywhere else.

H. The following Property Extensions of Coverage are added:

1. Computer Fraud and Funds Transfer Fraud

- a. We will pay under this Extension of Coverage no more than the Computer Fraud and Funds Transfer Fraud Limit of Insurance shown in the Schedule for the total of:

- (1) Loss of and damage to *money, securities* and *other property* following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:

- (a) To a person (other than a messenger) outside those premises; or
- (b) To a place outside those premises; and

- (2) Loss of *money* and *securities* resulting directly from a *fraudulent instruction* directing a financial institution to transfer, pay or deliver *money* and *securities* from your *transfer account*.

- b. With respect to the coverage provided by this Extension, item 4 Limitations under Property Coverages is amended as follows:

Paragraph a(4) does not apply.

- c. With respect to the coverage provided by this Extension, Property Exclusions is amended as follows:

- (1) Paragraph 2g False Pretense does not apply.
- (2) The following exclusion is added:
- We will not pay for loss or damages caused by or resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.
- d. For purposes of this coverage, the following terms mean:
- (1) "Employee"
- (a) "Employee" means:
- (i) Any natural person:
- While in your service or for 30 days after termination of service;
 - Whom you compensate directly by salary, wages or commissions; and
 - Whom you have the right to direct and control while performing services for you;
- (ii) Any natural person who is furnished temporarily to you:
- To substitute for a permanent *employee* as defined in paragraph (1), who is on leave; or
 - To meet seasonal or short term workload conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;
- (iii) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in paragraph (2) above;
- (iv) Any natural person who is:
- A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan(s)" insured under this policy; and
- II. Your director or trustee while that person is handling "funds" or *other property* of any "employee benefit plan(s)" insured under this policy;
- (v) Any natural person who is a former *employee*, director, partner, *member*, *manager*, representative or trustee retained as a consultant while performing services for you; or
- (vi) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.
- (b) Employee does not mean:
- Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - Any *manager*, director or trustee except while performing acts coming within the scope of the usual duties of an *employee*.
- (2) "Fraudulent instruction" means:
- An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - A written instruction (other than those described in paragraph 5j) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction (other than those described in paragraph 5j) initially received by you which

purports to have been transmitted by an employee but which was in fact fraudulently transmitted by someone else without your or the employee's knowledge or consent.

- (3) "Other property" means any tangible property other than *money* and *securities* that has intrinsic value but does not include any property excluded under this policy.
 - (4) "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of *money* and *securities*:
 - (a) By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - (b) By means of written instructions (other than those described in paragraph 5j) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
2. Consequential Loss (Including Pair and Set)
- a. In the event of direct physical loss or direct physical damage to your part or parts of your product by a Covered Cause of Loss, you may extend the insurance that applies to Your Business Personal Property to apply to Consequential Loss.
 - b. Consequential Loss means:
 - (1) The value of part or parts that are undamaged but that are unmarketable as a complete product as a result of physical damage or loss to a part or parts of your product as a result of such Covered Cause of Loss; and
 - (2) If pairs or sets of your part or parts of your product are damaged by a Covered Cause of Loss, the lesser of (a) or (b), below:
 - (a) The lesser of the cost:
 - (i) To repair; or
 - (ii) To replace
 any part to restore the pair or set to its value before the loss or damage; or

- (b) The difference between the value of the pair or set before and after the loss or damage.
 - c. Exclusion 2b under Property Exclusions does not apply to coverage under this Extension of Coverage.
 - d. The most we will pay under this Extension of Coverage for loss or damage for any one occurrence is the Consequential Loss Limit of Insurance shown in the Schedule.
3. Contractual Financial Penalties
- a. We will pay financial penalties as liquidated damages that you are legally required to pay as a result of your failure to deliver your products or services within the time frame required under the terms of a written contract between you and your customer that applies to those products or services.
 - b. We will pay those financial penalties only if:
 - (1) The failure is solely the result of a direct physical loss or damage at the described location by a Covered Cause of Loss to Covered Property; and
 - (2) The financial penalties are described in the written contract referred to in paragraph a.
 - c. The most we will pay under this Extension of Coverage for all financial penalties is the Contractual Penalties Limit of Insurance shown in the Schedule.
4. Credit Card Slips
- a. When a Limit of Insurance is shown in the Declarations for Business Personal Property at a described location, you may extend that insurance to apply to amounts you are unable to collect due to loss of or damage to credit card slips when:
 - (1) The loss or damage occurred at that described premises; and
 - (2) The loss or damage was the result of a Covered Cause of Loss.
 - b. It is your responsibility to establish the amount of the loss under this Extension. If that is not possible, the amount of loss will be determined as follows:
 - (1) If you have been in business for twelve months or more at the location of the loss, one-thirtieth (1/30) of the average monthly amount of credit card slips will be considered as the average daily

credit card slips for that location. The twelve months immediately preceding the discovery of the loss will be used to determine the average monthly amount.

- (2) If you have been in business for less than twelve months at the location of the loss, the average daily credit card slips shall be one-thirtieth (1/30) of the average monthly amount of credit card slips for the number of months you have been in business at that location.

The average daily credit card slips will be multiplied by the number of days for which slips are lost to determine the amount of the loss, subject to the maximum limit indicated below.

- c. The most we will pay under this Extension of Coverage as a result of loss or damage to credit card slips is the Credit Card Slips Limit of Insurance shown in the Schedule.
- d. No deductible applies to this Extension.
5. Deferred Payments
- a. When a Limit of Insurance is shown in the Declarations for Business Personal Property at a described premises, you may extend that insurance to apply to a reduction in the value of your interest in that Business Personal Property where that property:
- (1) Is sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan;
 - (2) Suffered direct physical loss or damage as a result of a Covered Cause of Loss, and that loss or damage:
 - (a) Occurred after delivery of that Business Personal Property to a buyer; and
 - (b) Occurred within the Coverage Territory at any location, or in transit;
 and the buyer refuses to initiate or continue payments owed to you for such property.
- b. The value of your loss under this Coverage Extension will be determined as follows:
- (1) When a total loss to that Business Personal Property occurs, deferred payments are valued on the amount shown on your books as due from the buyer excluding any interest or fees.

- (2) When a partial loss to that property occurs and the buyer refuses to initiate or continue payment, deferred payments are valued as follows:

- (a) The unpaid balance shown on your books as due from the buyer for such property, excluding any interest or fees; minus
- (b) The actual cash value of the damaged property.

- (3) If you have repossessed that property and the value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.

- c. We will make no payment under this Extension if:

- (1) Where there is a partial loss, and the realized or appraised value of the damaged property is greater than or equal to the amount shown on your books as due from the buyer;
- (2) The buyer continues to pay you for that Business Personal Property; or
- (3) You have repossessed that Business Personal Property, and the value of the repossessed property is more than the amount shown on your books as due from the buyer.

- d. The following is added to paragraph 2 Property Not Covered in the Deluxe Bis-Pak® Property Coverage Form:

Business Personal Property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan except as provided in the Deferred Payments Extension of coverage.

- e. The most we will pay under this Extension of Coverage in any one occurrence is the Deferred Payments Limit of Insurance shown in the Schedule.

6. Expediting Expense

- a. In the event of direct physical loss of or damage to Covered Property at the described premises caused by or resulting from a Covered Cause of Loss, we will pay the reasonable and necessary *expediting expenses* you incur to:

- (1) Make temporary repairs to, and expedite permanent repairs or permanent replacement of, the property suffering the direct physical loss or damage; and

- (2) Provide training on replacement machines or equipment.
 - b. Definition
"Expediting Expenses" means overtime wages and the extra cost of express or other rapid means of transportation. *Expediting expenses* do not include expenses you incur for the rental of property or temporary or permanent replacement of damaged property.
 - c. With respect to this Extension of Coverage, breakdown to equipment will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Policy.
 - d. The most we will pay under this Extension of Coverage for all *expediting expenses* is the Expediting Expense Limit of Insurance shown in the Schedule regardless of the number of premises involved.
7. Leased Building Property
- a. When a Limit of Insurance is shown in the Declarations for Business Personal Property at a described premises, you may extend that insurance to apply to direct physical loss or damage to Building you occupy as a tenant at that described premises, and to Business Personal Property you do not own at that described premises if:
 - (1) You are contractually obligated to repair or replace that Business Personal Property or that part of the building you occupy as a tenant; and
 - (2) The direct physical loss or damage at that described premises is caused by a Covered Cause of Loss other than "theft" or attempted "theft".
 - b. This Coverage Extension does not apply to any otherwise covered:
 - (1) Building glass; or
 - (2) Tenants improvements and betterments as described in paragraph b(3) under Property Coverages in the Deluxe Bis-Pak® Property Coverage Form.
 - c. The most we will pay under this Extension of Coverage in any one occurrence at each described premises, is the Leased Building Property Limit of Insurance shown in the Schedule.
8. Leasehold Interest
- a. We will pay for the loss of prepaid rent you sustain if your lease is cancelled in accordance with a valid lease provision.
 - b. Such cancellation must be the result of direct physical loss or damage caused by or resulting from a Covered Cause of Loss to property where you were:
 - (1) A tenant; and
 - (2) Occupying and conducting business at the time of the loss.
 - c. The most we will pay under this Extension of Coverage for loss in any one occurrence is the lesser of:
 - (1) The unused pro-rata portion of prepaid rent based on the period of time remaining in your lease, which you have paid for renting the property on which your lease was cancelled; or
 - (2) The Leasehold Interest Limit of Insurance shown in the Schedule.
 - d. We will not pay for any loss if the:
 - (1) Lease is cancelled, suspended or allowed to lapse by you; or
 - (2) Lease is cancelled at the normal expiration date.
9. Newly Acquired or Constructed Property - Business Income and Extra Expense
- a. We will pay for loss you sustain due to the necessary *suspension* of your *operations* during the *period of restoration* for direct physical damage caused by a Covered Cause of Loss to a *newly acquired* premises.
 - b. The most that we will pay under this Extension of Coverage at each *newly acquired* premises as the result of any one occurrence is the lesser of:
 - (1) The Newly Acquired or Constructed Property - Business Income and Extra Expense Limit of Insurance shown in the Schedule; or
 - (2) The sum of the Business Income you lost and Extra Expense you incurred.
 - c. Insurance under this Extension of Coverage for each *newly acquired* premises will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 180 days expire after you acquire or begin to construct the property;
 - (3) You report the location to us; or
 - (4) Coverage for Business Income at the *newly acquired* premises is more specifically insured.
 - d. For purposes of this Extension of Coverage:
 - (1) The phrase "at the described

premises" as used in the definitions of *operations* and *suspension*, is deleted and replaced by the phrase at a *newly acquired* premises.

(2) The following definitions apply:

- (a) "*Newly acquired*" means obtaining lawful ownership or possession of the premises, whether by purchase, lease, or otherwise.
- (b) "*Suspension*" means the slowdown or cessation of your business activities.

(3) In the definition of *period of restoration*, the loss must be at the *newly acquired* premises.

10. Non-owned Detached Trailers

a. You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

- (1) The trailer is used in your business;
- (2) The trailer is in your care, custody or control at the described premises; and
- (3) You have a contractual responsibility to pay for loss or damage to the trailer.

b. We will not pay for any loss or damage that occurs:

- (1) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
- (2) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

c. The most we will pay under this Extension of Coverage is the Non-owned Detached Trailers Limit of Insurance shown in the Schedule.

11. Off-premises Electronic Data Storage

You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to duplicate and back-up *electronic data* which are stored at a premises where you do not conduct *operations* with the *electronic data* and which is not covered under any other coverage form. The most we pay under this Extension of Coverage for loss to *electronic data* at any one storage location is the Off-Premises

Electronic Data Storage Limit of Insurance shown in the Schedule.

12. Power Failure and Changes in Temperature or Humidity

a. You may extend the insurance that applies to your Business Personal Property to pay for loss or damage to that property that results from an interruption of power or a change in temperature or humidity caused by physical damage to equipment used for refrigerating, air conditioning, cooling, dehumidifying, heating, generating or converting power (including connections, supply or transmission lines and pipes), at the described premises. This extension applies only if loss or damage is caused by a Covered Cause of Loss.

b. The most we will pay under this Extension of Coverage is the Power Failure and Changes in Temperature or Humidity Limit of Insurance shown in the Schedule.

c. This coverage does not apply to fine arts as defined in paragraph E2a.

13. Sales Representative's Samples

a. You may extend the insurance that applies to your Business Personal Property to pay for direct physical loss of or damage to samples of your *stock* in trade (including containers) and similar property of others.

b. We cover samples of your *stock* in trade while the property is:

- (1) In the custody of your sales representatives and agents;
- (2) In your custody while acting as a sales representative; or
- (3) In transit between your premises described in the declarations and your sales representatives.

c. The loss or damage must result from a Covered Cause of Loss.

d. The most we will pay under this Extension of Coverage is the Sales Representative's Samples Limit of Insurance shown in the Schedule.

14. Temporary Coverage for Relocated Property

The following is added to Property Extensions of Coverage:

a. We will pay for loss of or damage to Covered Property from a Covered Cause of Loss while it is away from the described premises, if it is being stored temporarily at a location you do not own,

lease or operate while the described premises is being renovated or remodeled.

- b. Coverage provided by this Extension of Coverage will end when either of the following first occurs:

- (1) This policy expires; or
- (2) After 90 consecutive days after the property is first moved.

15. Tenant Improvements and Betterments - Ordinance or Law

a. Application of Coverage

The coverage provided applies only if both (1) and (2) are satisfied.

- (1) The ordinance or law:

- (a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

- (b) Is in force at the time of loss.

But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (2) (a) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
- (b) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage even if the building has also sustained covered direct physical damage.

- b. We will not pay under Coverage A, Coverage B or Coverage C for:

- (1) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by *pollutants* or due to the presence, growth, or proliferation, spread of any

activity of *fungi*, wet or dry rot or bacteria; or

- (2) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of *pollutants*, *fungi*, wet or dry rot or bacteria.

- c. Under this coverage, we will not pay for loss due to any ordinance or law that:

- (1) You were required to comply with before the loss, even if the building was undamaged; and
- (2) You failed to comply.

d. Coverage

- (1) Coverage A - Coverage for Loss to the Undamaged Portion of Tenant's Improvements and Betterments

We will pay under Coverage A for the loss in value of the undamaged portion of the improvements and betterments when:

- (a) The improvements and betterments are damaged and the ordinance or law requires demolition of the undamaged parts of such property; or
- (b) The undamaged improvements and betterments, or undamaged parts of the improvements and betterments, are demolished or damaged in the course of demolition or repair of the building or part of the building where such property is located, as a consequence of the ordinance or law. But we will not pay under Coverage A for undamaged improvements and betterments that could be removed from the building, without incurring damage to such improvements and betterments, prior to demolition or repair of the building.

- (2) Coverage B - Demolition Cost Coverage

We will pay the cost to demolish and clear the site of undamaged parts of the improvements and betterments, provided that such cost is distinguishable from the cost of demolishing the building and you are responsible for the cost of demolition of the improvements and betterments, and further provided

that:

- (a) The improvements and betterments are damaged and the ordinance or law requires demolition of the undamaged parts of such property; or
 - (b) The undamaged improvements and betterments, or undamaged parts of the improvements and betterments, are demolished or damaged in the course of demolition or repair of the building or part of the building where such property is located, as a consequence of the ordinance or law. But we will not pay under Coverage B for demolition of undamaged improvements and betterments that could be removed from the building, without incurring damage to such improvements and betterments, prior to demolition or repair of the building.
- (3) Coverage C - Increased Cost of Construction Coverage
- (a) We will pay the increased cost to:
 - (i) Repair or reconstruct damaged portions of the improvements and betterments; and/or
 - (ii) Reconstruct or remodel undamaged portions of the improvements and betterments, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.
 - (b) However:
 - (i) This coverage applies only if the restored or remodeled property is intended for similar use as the current property, unless such use is not permitted by the ordinance or law.
 - (ii) We will not pay for the increased cost of construction if the improvements and betterments are not repaired, reconstructed or remodeled.

e. Loss Payment

The most we will pay under this

Extension of Coverage, for the total of all covered loss for Coverage A, Coverage B and Coverage C combined is the Ordinance or Law - Tenants Improvements and Betterments Limit of Insurance shown in the Schedule. One limit applies to all covered loss to all improvements and betterments at each described premises. Subject to the Limit of Insurance, the following loss payment provisions apply:

- (1) We will not pay under Ordinance or Law Coverage for Tenant's Interest in Improvements and Betterments if others pay for loss or damage to improvements and betterments.
- (2) When there is a loss in value of an undamaged portion of improvements and betterments to which Coverage A applies, the loss payment for that property, including damaged and undamaged portions, will be determined as follows:
 - (a) If the Replacement Cost Coverage Option applies and the improvements and betterments are being repaired or replaced, on the same or another premises, we will not pay more than the amount you would actually spend to repair, rebuild or reconstruct such property, but not for more than the amount it would cost to restore the property on the same premises and to the same dimensions, style and comparable quality of the original property insured.
 - (b) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the actual cash value of the Improvements and Betterments at the time of loss.
- (3) Under Coverage B, we will not pay more than the amount you actually spend for demolishing the improvements and betterments and clearing the demolished property from the described premises.
- (4) Under Coverage C:
 - (a) We will not pay under Coverage C:
 - (i) Until the improvements and betterments are actually repaired or replaced, at the

same or another premises;
and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (b) If the improvements and betterments are repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for under Coverage C, is the increased cost of construction of the improvements and betterments at the new premises.

16. Tenant Leasehold Improvements

- a. We will pay for the unamortized value of the Tenants Improvements and Betterments that you were forced to abandon if your lease is cancelled in accordance with a valid lease provision.
- b. Such cancellation must be the result of direct physical loss or damage caused by or resulting from a Covered Cause of Loss to property where you were:
 - (1) A tenant; and
 - (2) Occupying and conducting business at the time of loss.
- c. The most we will pay under this Extension of Coverage for loss in any one occurrence is the Tenant Leasehold Improvements Limit of Insurance shown in the Schedule.
- d. Tenants Improvements and Betterments include leased personal property for which you have a contractual responsibility to insure, unless otherwise insured. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.
- e. Building glass not otherwise insured is a Tenant Improvement and Betterment if you are contractually required to insure it under a written lease agreement.

17. Tenant Move-back Expenses

- a. If your tenant(s) must temporarily vacate the described premises, due to

untenantability caused by direct physical loss or damage by a Covered Cause of Loss, we will pay the following expenses you actually incur as the owner of that covered Building to move those tenants back into your covered Building.

- b. We will pay only for the following expenses:
 - (1) Packing, transporting, unpacking and re-shelving the tenant's Business Personal Property including the cost of insuring the move back and any necessary disassembly and reassembly or setup of furniture and equipment; and
 - (2) The cost to re-establish the tenants' utility and telephone services, minus any refunds due the tenants from discontinued or unused services.
- c. We will only pay for the expenses that you incur within 60 days of the date:
 - (1) That at least 75% of the damage to the portion of the building(s) rented by that tenant has been repaired or rebuilt; and
 - (2) The portion of the building that has been repaired or rebuilt is ready for occupancy.
- d. Regardless of the number of tenants involved, the most we will pay under this Extension of Coverage per occurrence is the Tenant Move-back Expense Limit of Insurance shown in the Schedule.

18. Theft Loss Damage to Non-owned Property

- a. You may extend the insurance that applies to your Business Personal property to apply to direct physical loss or damage to that part of the non-owned building where you are a tenant and that contains your Business Personal Property caused by or resulting from burglary or theft, or attempted burglary or attempted theft.
- b. This Extension applies only to a premises where you are a tenant, and the terms of your lease for that non-owned property make you liable for damage described in paragraph a.
- c. The most we will pay under this Extension of Coverage for loss or damage in any one occurrence is the Theft Loss Damage to Non-owned Property Limit of Insurance shown in the Schedule. Payment under this Extension of Coverage is included within the Limit of Insurance applicable to your Business

Personal property.

- d. The Business Personal Property Deductible shown in the Declarations applies to this Extension.
- e. We will pay nothing if others pay for the repairs or replacement.

I. The following Property Optional Coverages are modified:

1. Outdoor Signs

The Outdoor Signs Optional Coverage applies to your policy.

- a. The following replaces paragraph d in Outdoor Signs optional coverage:

- d. The most we will pay under this Optional Coverage for loss or damage in any one occurrence is the sum of:

- (1) The Outdoor Signs Limit of Insurance shown in the Schedule; and

- (2) The Outdoor Signs Limit of Insurance, if any, shown in the Declarations.

- b. The following is added to the Outdoor Signs optional coverage:

The Outdoor Signs optional coverage does not apply to signs attached to buildings.

2. Employee Dishonesty

The Employee Dishonesty Optional Coverage applies to your policy.

Paragraph c in 2 Employee Dishonesty in Property Optional Coverages is replaced by the following:

- c. The most we will pay under this Optional Coverage for loss or damage in any one occurrence is the sum of:

- (1) The Employee Dishonesty Limit of Insurance shown in the Schedule; and

- (2) The Employee Dishonesty Limit of Insurance, if any, shown in the Declarations.

J. Business Income - No Waiting Period

Item a of "Period of Restoration" in Definitions is replaced by the following:

- a. Begins immediately after the time of direct physical loss or damage for Business Income and Extra Expense coverage caused by or resulting from any Covered Cause of Loss at the described premises; and

K. Premises

For purposes of coverages provided by or modified by this endorsement, "each premises" and "described premises" include your premises covered as a newly acquired location under Newly Acquired or Constructed Property in Property Extensions of Coverage.

ACUITY LIABILITY ENHANCEMENTS - GOLD**CB-7457(8-20)****This endorsement modifies insurance provided under the following:****BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSES COVERAGE FORM****BIS-PAK® COMMON POLICY CONDITIONS****SCHEDULE**

Coverage	Limit of Insurance	Page
Electronic Data Liability	\$10,000	5
Increased Bail Bond Limit	\$2,500	2
Increased Limits of Insurance	see below	5
Damage to Premises Rented to You	\$300,000	5
Generate Aggregate*	3 times current Liability and Medical Expenses Limit	5
Medical Expenses	\$10,000	5
Products - Completed Operations*	3 times current Liability and Medical Expenses Limit	5
Supplemental Reasonable Expenses	\$500 Per Day	2
Tenants Legal Liability	\$10,000	5
Voluntary Property Damage	\$2,500 Per Occurrence \$5,000 Aggregate	2
Additional Included Coverages		
Automatic Status Additional Insured - Lessors of Leased Equipment	Included	3
Automatic Status Additional Insured - Managers or Lessors of Premises	Included	3
Automatic Status Additional Insured - Mortgagee, Assignee, or Receiver	Included	4
Automatic Status Additional Insured - State or Government Agency or Subdivision	Included	4
Bodily Injury Expanded Definition	Included	6
Damage to Premises Rented to You Broadening	Included	6
First Aid/Good Samaritan Coverage	Included	2
Knowledge by an Employee	Included	6
Newly Acquired Organizations - up to 180 days	Included	6
Unintentional Failure to Disclose	Included	6
Waiver of Subrogation	Included	6

*If your current Liability and Medical Expenses limit is \$500,000 or \$1,000,000

A. Increased Bail Bond Limit

Paragraph 1f(1)(b) under Liability and Medical Expenses Coverages is replaced by the following:

- (b) Up to the Increased Bail Bond Limit of Insurance shown in the Schedule for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for *bodily injury* applies. We do not have to furnish these bonds.

B. Supplemental Reasonable Expenses Incurred by Insured

Paragraph 1f(1)(d) under Liability and Medical Expenses Coverages is replaced by the following:

- (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or *suit*, including actual loss of earnings up to the Supplemental Reasonable Expenses Limit of Insurance shown in the Schedule because of time off from work.

C. Voluntary Property Damage

1. With respect to the insurance provided under this coverage, the following apply:

- a. Exclusion 1k(4) is replaced by the following:

- (4) Personal property of others:

- (a) Held by the insured for servicing, repair, storage or sale at premises owned, occupied or rented to the insured.

- (b) Caused by the ownership, maintenance, use, loading or unloading of any auto, watercraft, or transportation of property by any means.

- b. Exclusion 1k(5) is deleted.

2. The insurance provided by this coverage is subject to the following provisions:

- a. We will pay for *property damage* at your request even if you are not legally liable, if it is otherwise subject to this coverage.

- b. *Property damage* does not include loss of use if personal property of others is not physically injured.

c. Limits

The most we will pay for an *occurrence* under this coverage is the Voluntary Property Damage, Per Occurrence Limit of Insurance shown in the Schedule.

The most we will pay for the sum of all amounts paid under this coverage is the Voluntary Property Damage, Aggregate Limit of Insurance shown in the

Schedule.

The Liability and Medical Expenses Limit and the Aggregate Limits do not apply to the insurance provided under this coverage.

d. Settlement

If you make any repairs to damaged property, at our request, we will pay the larger of your actual cost or 75% of your usual charge for the necessary labor and materials. Any property paid for or replaced by us may become our property at our option. Any payment made under this coverage shall not be interpreted as an admission of liability by the insured or the company.

e. Deductible

Our obligation to pay for a covered loss applies only to the amount of loss in excess of \$100.

f. Other Insurance

The insurance provided by this coverage is excess over any other insurance carried by the insured which applies to a loss covered by this coverage.

D. First Aid/Good Samaritan Coverage

The Following is added to Liability and Medical Expenses Coverage:

1. For purposes of this coverage, the definition of *occurrence* in Definitions is replaced by the following:

"*Occurrence*" means an act or omission by your *employee* in providing or failing to provide *first aid services* provided:

- a. Neither you nor the *employee* are employed to provide any type of *first aid services* or *medical services*.

- b. The *first aid services* were provided while the *employee* was engaged in activities related to the scope and extent of their employment by you.

2. The following is added to paragraph 2 of Liability and Medical Expenses Limits of Insurance:

- c. For the purposes of determining the applicable Each Occurrence Limit, all acts or omissions committed by one or more persons in providing or failing to provide *first aid services* to one person will be deemed to be one occurrence.

3. The following definitions are added to Definitions:

"*First aid services*" means *medical services* provided when no *professional medical service provider* (whether licensed or not) is present and without the immediate provision

of which would have immediately resulted in death or significant adverse result from a serious injury or serious condition of the recipient of those services.

"Medical services" includes all medical and medically-related services.

"Professional medical services provider" means anyone who is employed to provide medical services or first aid services.

E. Automatic Status Additional Insured - Lessors of Leased Equipment

1. Who Is An Insured is amended to include as an additional insured any person(s) or organization(s) which leases equipment to you, but only when you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person(s) or organization(s) be added as an additional insured on your policy provided that a certificate of insurance showing that person or organization as an additional insured has been issued.

However:

- a. Such person(s) or organization(s) are additional insureds only with respect to *bodily injury, property damage or personal and advertising injury* caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s); and
 - b. The insurance afforded to such additional insured only applies to the extent permitted by law; and
 - c. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
2. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any *occurrence* that takes place after the equipment lease expires.
 3. With respect to the insurance afforded to these additional insureds, the following is added to the Liability and Medical Expenses Limits of Insurance section:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement; or
- b. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

F. Automatic Status Additional Insured - Managers or Lessors of Premises

1. Who Is An Insured is amended to include any person(s) or organization(s) which manages or leases a premises rented to you which is covered under this policy, but only when you and such person or organization have agreed in writing in a contract or agreement that such person(s) or organization(s) be added as an additional insured on your policy provided that a certificate of insurance showing that person or organization as an additional insured has been issued.

However:

- a. Such person(s) or organization(s) are additional insureds only with respect to *bodily injury, property damage or personal and advertising injury* arising out of the ownership, maintenance or use of that part of the premises leased to you; and
 - b. The insurance afforded to such additional insured only applies to the extent permitted by law; and
 - c. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
2. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:
This insurance does not apply to:
 - a. Any *occurrence* that takes place after you cease to be a tenant in the premises insured under this policy; and.
 - b. Structural alterations, new construction or demolition operations performed by or for the additional insured.
 3. With respect to the insurance afforded to these additional insureds, the following is added to the Liability and Medical Expenses Limits of Insurance section:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- a. Required by the contract or agreement; or

- b. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

G. Automatic Status Additional Insured - Mortgagee, Assignee, or Receiver

1. Who Is An Insured is amended to include any person(s) or organization(s) with respect to that person(s) or organization(s) liability as mortgagee, assignee or receiver, but only when you and such person(s) or organization(s) have agreed in writing in a contract or agreement that such person(s) or organization(s) be added as an additional insured on your policy provided that a certificate of insurance showing that person or organization as an additional insured has been issued.

However:

- a. Such person(s) or organization(s) are additional insureds only with respect to liability as mortgagee, assignee or receiver and arising out of the ownership, maintenance or use of premises by you and which is covered by this policy; and
 - b. The insurance afforded to such additional insured only applies to the extent permitted by law; and
 - c. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
2. With respect to the insurance afforded to these additional insureds this insurance does not apply to structural alterations, new construction or demolition operations performed by or for that person(s) or organization(s).
 3. With respect to the insurance afforded to these additional insureds, the following is added to the Liability and Medical Expenses Limits of Insurance section:
If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:
 - a. Required by the contract or agreement; or
 - b. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

H. Automatic Status Additional Insured - State or Government Agency or Subdivision

1. Who Is An Insured is amended to include as an additional insured any state or governmental agency or subdivision or political subdivision, but only when you and such state or governmental agency or subdivision or political subdivision have agreed in writing in a contract or agreement that such state or governmental agency or subdivision or political subdivision be added as an additional insured on your policy, subject to the following provisions, provided that a certificate of insurance showing that person or organization as an additional insured has been issued.

- a. This insurance applies only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.

However:

- (1) The insurance afforded to such additional insured only applies to the extent permitted by law; and
 - (2) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- b. This insurance does not apply to:
 - (1) *Bodily injury, property damage, or personal and advertising injury* arising out of operations performed for the federal government, state or municipality; or
 - (2) *Bodily injury or property damage included within the products-completed operations hazard.*
 2. With respect to the insurance afforded to these additional insureds, the following is added to the Liability and Medical Expenses Limits of Insurance section:
If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:
 - a. Required by the contract or agreement; or

b. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

I. Increased Limits of Insurance

1. The General Aggregate Limit is increased to equal the Liability and Medical Expenses Limit times the Increased Limits of Insurance - General Aggregate number shown in the Schedule if your current Liability and Medical Expenses Limit is equal to \$500,000 or \$1,000,000.
2. The Products-Completed Operations Aggregate Limit is increased to equal the Liability and Medical Expenses Limit times the Increased Limits of Insurance - Products-Completed Operations Aggregate number shown in the Schedule if your current Liability and Medical Expenses Limit is equal to \$500,000 or \$1,000,000.
3. The Damage To Premises Rented To You Limit is increased to the Increased Limits of Insurance - Damage to Premises Rented to You Limit of Insurance shown in the Schedule.
4. The Medical Expense Limit is increased to the Increased Limits of Insurance - Medical Expenses Limit of Insurance shown in the Schedule.

The Limits of Insurance shown in the Schedule do not replace and are not in addition to the Limits of Insurance shown in the Declarations.

J. Tenants Legal Liability

Paragraphs (1), (3) and (4) of exclusion k do not apply to *property damage* other than damage by fire, lightning, explosion, smoke, or water to premises, including the contents of such premises, rented to you for a period of 8 or more consecutive days.

The most we will pay under this coverage for damages because of *property damage* to any one premises is the Tenants Legal Liability Limit of Insurance shown in the Schedule. A \$250 deductible applies.

K. Electronic Data Liability

1. Exclusion 1s is replaced by the following: This insurance does not apply to:

s. Access or Disclosure of Confidential or Personal Information and Data-related Liability

- (1) Damages, other than damages because of *personal and advertising injury*, arising out of any access to or disclosure of any person's or

organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

- (2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate *electronic data* that does not result from physical injury to tangible property.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in paragraph (1) or (2) above.

However, unless paragraph (1) above applies, this exclusion does not apply to damages because of *bodily injury*.

2. The following paragraph is added to Liability and Medical Expenses Limits of Insurance:

Subject to 2 above, the most we will pay for *property damage* because of all loss of *electronic data* arising out of any one *occurrence* is the Electronic Data Liability Limit of Insurance shown in the Schedule.

3. The following definition is added to Liability and Medical Expenses Definitions:

"*Electronic data*" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. For the purposes of this coverage, the definition of "*property damage*" is replaced by the following:

"*Property damage*" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it;
- b. Loss of use of tangible property that is

not physically injured. All such loss of use shall be deemed to occur at the time of the *occurrence* that caused it; or

- c. Loss of, loss of use of, damage to, corruption of, inability to access, or inability to properly manipulate *electronic data*, resulting from physical injury to tangible property. All such loss of *electronic data* shall be deemed to occur at the time of the *occurrence* that caused it.

For the purposes of this coverage, *electronic data* is not tangible property.

L. Newly Acquired Organizations

Paragraph 3a under Who Is An Insured is replaced by the following:

- a. Coverage under this provision is afforded only:
 - (1) For the number of days for the Newly Acquired Organizations as shown in the Schedule after you acquire or form the organization; or
 - (2) Until the end of the policy period, whichever is earlier;

M. Paragraph 3 of Liability and Medical Expenses Limits of Insurance is replaced by the following:

- 3. The most we will pay under Business Liability Coverage for damages because of *property damage* to a premises while rented to you or in the case of a fire, lightning, explosion, smoke or water while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You Limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the Damage To Premises Rented To You Limit shown in the Declarations.

N. Knowledge of Claim or Suit

The following is added to the Duties in the Event of Occurrence, Offense, Claim or Suit Condition in Liability and Medical Expenses General Conditions:

Knowledge of an *occurrence*, offense, claim or *suit* by an agent or *employee* of any insured

shall not in itself constitute knowledge of the insured unless your partners, *executive officers*, directors, managers, members or a person who has been designated by them to receive reports of *occurrences*, offenses, claims or *suits* shall have received such notice from the agent or *employee*.

O. Bodily Injury Definition Expanded

The definition of *bodily injury* is amended to include mental distress and mental injury, including but not limited to mental anguish and emotional anguish.

P. Waiver of Subrogation for Written Contracts

The following is added to the Transfer of Rights of Recovery Against Others to Us Condition, Applicable to Liability Coverage in the Bis-Pak® Common Policy Conditions:

We waive any right of recovery we may have against a person or organization because of payments we make for injury or damage arising out of your ongoing operations or *your work* done under a contract with that person or organization and included in the *products-completed operations hazard*.

The waiver applies only to:

- 1. Any person or organization with whom you have a written contract or agreement in which you are required to waive rights of recovery under this policy. Such contract or agreement must have been executed prior to the *occurrence* causing injury or damage; and
- 2. Any other person or organization you are required to add as an additional insured under the contract or agreement described in paragraph 1 above.

Q. Unintentional Failure to Disclose Hazard

The following is added to the Representations Condition in the Bis-Pak® Common Policy Conditions:

Based on our dependence upon your representations as to existing hazards, if unintentionally you should fail to disclose all such hazards at the inception date of your policy, we will not reject Liability coverage under this policy based solely on such failure.

ASBESTOS EXCLUSION

IL-7012(3-14)

This endorsement modifies insurance provided under the following:

BIS-PAK® BUSINESS LIABILITY AND MEDICAL EXPENSE
COVERAGE FORM

COMMERCIAL AUTO COVERAGE PART

COMMERCIAL GENERAL LIABILITY COVERAGE PART

DIRECTORS' AND OFFICERS' LIABILITY COVERAGE
PART

EMPLOYEE BENEFITS LIABILITY COVERAGE PART

ERRORS AND OMISSIONS COVERAGE PART

GARAGE COVERAGE FORM

LIQUOR LIABILITY COVERAGE FORM

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY
COVERAGE FORM

POLLUTION LIABILITY COVERAGE FORM

PRODUCT WITHDRAWAL COVERAGE PART

PRODUCTS-COMPLETED OPERATIONS LIABILITY COV-
ERAGE FORM

RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

The following exclusion is added:

Asbestos

This insurance does not apply to any *bodily injury* or *property damage* arising out of activities related to, but not limited to, manufacture, mining, storage, distribution, installation, sale, use, exposure to, service, testing for, repair, containment or removal of asbestos, asbestos fibers, asbestos dust, or products containing asbestos.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

IL-7082(12-20)

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage of that

portion of the amount of such insured losses that exceeds the applicable insurer retention. The federal share percentage is 80%. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

CYBER SUITE COVERAGE ENDORSEMENT**IL-7149(7-20)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Throughout this Coverage Endorsement (hereinafter referred to as "Cyber Coverage"), the words "you" and "your" refer to the Named Insured(s) shown in the Schedule of this Cyber Coverage and any other person(s) or organization(s) qualifying as a Named Insured under this Cyber Coverage. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in italics have special meaning. Refer to **DEFINITIONS**.

The terms and conditions of the Cancellation Clause of the Common Policy Conditions and any amendment to such terms incorporated by endorsement are hereby incorporated herein and shall apply to coverage as is afforded by this Cyber Coverage, unless specifically stated otherwise in an endorsement(s) attached hereto.

A. COVERAGE

This section lists the coverages that apply if indicated in the Schedule of this Cyber Coverage.

1. Data Compromise Response Expenses

a. Data Compromise Response Expenses applies only if all of the following conditions are met:

- (1) There has been a *personal data compromise*; and
- (2) Such *personal data compromise* took place in the *coverage territory*; and
- (3) Such *personal data compromise* is first discovered by you during the *policy period*; and
- (4) Such *personal data compromise* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you.

b. If the conditions listed in a. above have been met, then we will provide coverage for the following expenses when they arise directly from such *personal data compromise* and are necessary and reasonable. Items (4) and (5) below apply only if there has been a notification of the *personal data compromise* to *affected individuals* as covered under item (3) below.

(1) Forensic IT Review

We will pay for a professional information technologies review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the *personal data compromise* and the number and identities of the *affected individuals*.

This does not include costs to analyze, research or determine any of the following:

- (a) Vulnerabilities in systems, procedures or physical security;
- (b) Compliance with Payment Card Industry or other industry security standards; or
- (c) The nature or extent of *loss* or damage to data that is not *personally identifying information* or *personally sensitive information*.

If there is reasonable cause to suspect that a covered *personal data compromise* may have occurred, we will pay for costs covered under Forensic IT Review, even if it is eventually determined that there was no covered *personal data compromise*. However, once it is determined that there was no covered *personal data compromise*, we will not pay for any further costs.

(2) Legal Review

We will pay for a professional legal counsel review of the *personal data compromise* and how you should best respond to it.

If there is reasonable cause to suspect that a covered *personal data compromise* may have occurred, we will pay for costs covered under Legal Review, even if it is eventually determined that there was no covered *personal data compromise*. However, once it is determined that there was no covered *personal data compromise*, we will not pay for any further costs.

(3) Notification to Affected Individuals

We will pay your necessary and reasonable costs to provide notification of the *personal data compromise* to *affected individuals*.

(4) Services to Affected Individuals

We will pay your necessary and reasonable costs to provide the following services to *affected individuals* Services **(c)** and **(d)** below apply only to *affected individuals* from *personal data compromise* events involving *personally identifying information*.

(a) Informational Materials

A packet of loss prevention and customer support information.

(b) Help Line

A toll-free telephone line for *affected individuals* with questions about the *personal data compromise*. Where applicable, the line can also be used to request additional services as listed in **(c)** and **(d)** below.

(c) Credit Report and Monitoring

A credit report and an electronic service automatically monitoring for activities affecting an individual's credit records. This service is subject to the *affected individual* enrolling for this service with the designated service provider.

(d) Identity Restoration Case Management

As respects any *affected individual* who is or appears to be a victim of *identity theft* that may reasonably have arisen from the *personal data compromise*, the services of an identity restoration professional who will assist that affected individual through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.

(5) Public Relations

We will pay for a professional public relations firm review of, and response to, the potential impact of the *personal data compromise* on your business relationships.

This includes necessary and reasonable costs to implement public relations recommendations of such firm. This may include advertising and special promotions designed to retain your relationship with *affected individuals*. However, we will not pay for:

(a) Promotions provided to any of your directors or employees; or

(b) Promotion costs exceeding \$25 per *affected individual*.

(6) Regulatory Fines and Penalties

We will pay for any fine or penalty imposed by law, to the extent such fine or penalty is legally insurable under the law of the applicable jurisdiction.

(7) PCI Fines and Penalties

We will pay for any Payment Card Industry (PCI) fine or penalty imposed under a contract to which you are a party. PCI Fines and Penalties do not include any increased transaction costs.

2. Computer Attack

a. Computer Attack applies only if all of the following conditions are met:

(1) There has been a *computer attack*; and

(2) Such *computer attack* occurred in the *coverage territory*; and

(3) Such *computer attack* is first discovered by you during the *policy period*; and

(4) Such *computer attack* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you.

b. If the conditions listed in **a.** above have been met, then we will provide you the following coverages for loss directly arising from such *computer attack*.

(1) Data Restoration

We will pay your necessary and reasonable *data restoration costs*.

(2) Data Re-creation

We will pay your necessary and reasonable *data re-creation costs*.

(3) System Restoration

We will pay your necessary and reasonable *system restoration costs*.

(4) Loss of Business

We will pay your actual *business income and extra expense loss* incurred during the *period of restoration*.

(5) Extended Income Recovery

If you suffer a covered *business income and extra expense loss* resulting from a *computer attack* on a *computer system* owned or leased by you and operated under your control, we will pay your actual *extended income loss*.

(6) Public Relations

If you suffer a covered *business income and extra expense loss*, we will pay for the services of a professional public relations firm to assist you in communicating your response to the *computer attack* to the media, the public and your customers, clients or members.

3. Cyber Extortion

a. Cyber Extortion applies only if all of the following conditions are met:

- (1) There has been a *cyber extortion threat*; and
 - (2) Such *cyber extortion threat* is first made against you during the *policy period*; and
 - (3) Such *cyber extortion threat* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first made against you.
- b. If the conditions listed in **a.** above have been met, then we will pay for your necessary and reasonable *cyber extortion expenses* arising directly from such *cyber extortion threat*. The payment of *cyber extortion expenses* must be approved in advance by us. We will not pay for *cyber extortion expenses* that have not been approved in advance by us. We will not unreasonably withhold our approval.
- c. You must make every reasonable effort not to divulge the existence of this Cyber Extortion coverage.

4. Misdirected Payment Fraud

a. Misdirected Payment Fraud applies only if all of the following conditions are met:

- (1) There has been a *wrongful transfer event* against you; and
 - (2) Such *wrongful transfer event* took place in the *coverage territory*; and
 - (3) Such *wrongful transfer event* is first discovered by you during the *policy period*; and
 - (4) Such *wrongful transfer event* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you; and
 - (5) Such *wrongful transfer event* is reported in writing by you to the police.
- b. If the conditions listed above in **a.** have been met, then we will pay your necessary and reasonable *wrongful transfer costs* arising directly from the *wrongful transfer event*.

5. Computer Fraud

a. Computer Fraud applies only if all of the following conditions are met:

- (1) There has been a *computer fraud event* against you; and
 - (2) Such *computer fraud event* took place in the *coverage territory*; and
 - (3) Such *computer fraud event* is first discovered by you during the *policy period*; and
 - (4) Such *computer fraud event* is reported to us within 60 days after the date it is first discovered by you; and
 - (5) Such *computer fraud event* is reported in writing by you to the police.
- b. If the conditions listed in **a.** above have been met, then we will pay your necessary and reasonable *computer fraud costs* arising directly from the *computer fraud event*.

6. Data Compromise Liability

a. Data Compromise Liability applies only if all of the following conditions are met:

- (1) During the *policy period* or any applicable Extended Reporting Period, you first receive notice of one of the following:
 - (a) A *claim*; or

- (b) A *regulatory proceeding*.
 - (2) Such *claim* or *regulatory proceeding* must arise from a *personal data compromise* that:
 - (a) Took place during the *coverage term*; and
 - (b) Took place in the *coverage territory*; and
 - (c) Was submitted to us and insured under Data Compromise Response Expenses.
 - (3) Such *claim* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on your behalf any covered:
 - (1) Loss directly arising from the *claim*; or
 - (2) Defense costs directly arising from a *regulatory proceeding*.
- c. All *claims* and *regulatory proceedings* arising from a single *personal data compromise* or interrelated *personal data compromises* will be deemed to have been made at the time that notice of the first of those *claims* or *regulatory proceedings* is received by you.

7. Network Security Liability

- a. Network Security Liability applies only if all of the following conditions are met:
 - (1) During the *policy period* or any applicable Extended Reporting Period, you first receive notice of a *claim* which arises from a *network security liability incident* that:
 - (a) Took place during the *coverage term*; and
 - (b) Took place in the *coverage territory*; and
 - (2) Such *claim* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on your behalf any covered *loss* directly arising from the *claim*.
- c. All *claims* arising from a single *network security liability incident* or interrelated *network security liability incidents* will be deemed to have been made at the time that notice of the first of those *claims* is received by you.

8. Electronic Media Liability

- a. Electronic Media Liability applies only if all of the following conditions are met:
 - (1) During the *policy period* or any applicable Extended Reporting Period, you first receive notice of a *claim* which arises from an *electronic media liability incident* that:
 - (a) Took place during the *coverage term*; and
 - (b) Took place in the *coverage territory*; and
 - (2) Such *claim* is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on your behalf any covered *loss* directly arising from the *claim*.
- c. All *claims* arising from a single *electronic media liability incident* or interrelated *electronic media liability incidents* will be deemed to have been made at the time that notice of the first of those *claims* is received by you.

9. Identity Recovery

- a. Identity Recovery applies only if all of the following conditions are met:
 - (1) There has been an *identity theft* involving the personal identity of an *identity recovery insured* under this Cyber Suite Coverage; and
 - (2) Such *identity theft* took place in the *coverage territory*; and
 - (3) Such *identity theft* is first discovered by the *identity recovery insured* during the *policy period*; and
 - (4) Such *identity theft* is reported to us within 60 days after it is first discovered by the *identity recovery insured*.
- b. If the conditions listed in a. above have been met, then we will provide the following to the *identity*

recovery insured:

(1) Case Management Service

We will pay for the services of an *identity recovery case manager* as needed to respond to the *identity theft*, and

(2) Expense Reimbursement

We will pay for reimbursement of necessary and reasonable *identity recovery expenses* incurred as a direct result of the *identity theft*.

B. EXCLUSIONS

The following additional exclusions apply to this coverage:

We will not pay for costs or *loss* arising from the following:

1. Nuclear reaction or radiation or radioactive contamination, however caused.
2. War and military action including any of the following and any consequence of any of the following:
 - a. War, including undeclared or civil war;
 - b. Warlike action by military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.
3. Failure or interruption of, or damage to, any electrical power supply network or telecommunications network not owned and operated by you including, but not limited to, the internet, internet service providers, Domain Name System (DNS) service providers, cable and wireless providers, internet exchange providers, search engine providers, internet protocol networks (and similar networks that may have different designations) and other providers of telecommunications or internet infrastructure.
4. Any attack on, incident involving, or loss to any computer or system of computers that is not a *computer system*.
5. Costs to research or correct any deficiency.
6. Any fines or penalties other than those explicitly covered under Data Compromise Response Expenses.
7. Any criminal investigations or proceedings.
8. Your intentional or willful complicity in a covered *loss* event.
9. Your reckless disregard for the security of your *computer system* or data, including confidential or sensitive information of others in your care, custody or control.
10. Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you.
11. Any *personal data compromise*, *computer attack*, *cyber extortion threat*, *wrongful transfer event*, *computer fraud event* or *wrongful act* occurring before the *coverage term*.
12. That part of any *claim* seeking any non-monetary relief. However, this exclusion does not apply to *defense costs* arising from an otherwise insured *wrongful act*.
13. The propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers in connection with hardware or software created, produced or modified by you for sale, lease or license to third parties.
14. Any oral or written publication of material, if done by you or at your direction with knowledge of its falsity.
15. *Property damage* or *bodily injury* other than mental anguish or mental injury alleged in a *claim* covered under Electronic Media Liability.
16. The theft of a professional or business identity.
17. Any fraudulent, dishonest or criminal act by an *identity recovery insured* or any person aiding or abetting an *identity recovery insured*, or by any *authorized representative* of an *identity recovery insured*, whether acting alone or in collusion with others. However, this exclusion will not apply to the interests of an *identity recovery insured* who has no knowledge of or involvement in such fraud, dishonesty or criminal act.
18. An *identity theft* that is not reported in writing to the police.

C. LIMITS OF INSURANCE

1. Aggregate Limits

Except for post-judgment interest, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule is the most we will pay for all *loss* under all applicable coverage sections, except Identity Recovery, in any one *policy period* or any applicable Extended Reporting Period. The Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule applies regardless of the number of insured events first discovered or *claims* or *regulatory proceedings* first received during the *policy period* or any applicable Extended Reporting Period.

The Identity Recovery Coverage is subject to the Identity Recovery Limit as shown in the Cyber Suite Schedule.

2. Coverage Sublimits**a. Data Compromise Sublimits**

The most we will pay under Data Compromise Response Expenses for Forensic IT Review, Legal Review, Public Relations, Regulatory Fines and Penalties and PCI Fines and Penalties coverages for *loss* arising from any one *personal data compromise* is the applicable sublimit for each of those coverages shown in the Cyber Suite Schedule.

These sublimits are part of, and not in addition to, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule. Public Relations coverage is also subject to a limit per *affected individual* as described in **A.1.b.(5)**.

b. Computer Attack Sublimits

The most we will pay under Computer Attack for Loss of Business and Extended Income Recovery coverages for *loss* arising from any one *computer attack* is the applicable Loss of Business sublimit shown in the Cyber Suite Schedule. The most we will pay under Computer Attack for Public Relations coverage for *loss* arising from any one *computer attack* is the applicable Public Relations sublimit shown in the Cyber Suite Schedule. These sublimits are part of, and not in addition to, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule.

c. Cyber Extortion Sublimit

The most we will pay under Cyber Extortion coverage for *loss* arising from one *cyber extortion threat* is the applicable sublimit shown in the Cyber Suite Schedule. This sublimit is part of, and not in addition to, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule.

d. Misdirected Payment Fraud Sublimit

The most we will pay under Misdirected Payment Fraud coverage for *loss* arising from one *wrongful transfer event* is the applicable sublimit shown in the Cyber Suite Schedule. This sublimit is part of, and not in addition to, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule.

e. Computer Fraud Sublimit

The most we will pay under Computer Fraud coverage for *loss* arising from one *computer fraud event* is the applicable sublimit shown in the Cyber Suite Schedule. This sublimit is part of, and not in addition to, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule.

f. Identity Recovery Sublimits

The following provisions are applicable only to the Identity Recovery Coverage.

- (1) Case Management Service is available as needed for any one *identity theft* for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Services do not reduce the annual aggregate limit for Identity Recovery.
- (2) Costs covered under item d. (Legal Costs) of the definition of *identity recovery expenses* are part of, and not in addition to, the annual aggregate limit for Identity Recovery.
- (3) Costs covered under item e. (Lost Wages) and item f. (Child and Elder Care Expenses) of the definition of *identity recovery expenses* are jointly subject to the Lost Wages and Child and Elder Care sublimit shown in the Cyber Suite Schedule. This sublimit is part of, and not in addition to, the annual aggregate limit for Identity Recovery. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the *identity theft* by the *identity recovery insured*.
- (4) Costs covered under item g. (Mental Health Counseling) of the definition of *identity recovery expenses* is subject to the Mental Health Counseling sublimit shown in the Cyber Suite

Supplemental Declarations. This sublimit is part of, and not in addition to, the annual aggregate limit for Identity Recovery. Coverage is limited to counseling that takes place within 12 months after the first discovery of the *identity theft* by the *identity recovery insured*.

- (5) Costs covered under item h. (Miscellaneous Unnamed Costs) of the definition of *identity recovery expenses* is subject to the Miscellaneous Unnamed Costs sublimit shown in the Cyber Suite Schedule. This sublimit is part of, and not in addition to, the annual aggregate limit for Identity Recovery. Coverage is limited to costs incurred within 12 months after the first discovery of the *identity theft* by the *identity recovery insured*.

3. Application of Limits

- a. A *computer attack, cyber extortion threat, personal data compromise, wrongful transfer event, computer fraud event* or *identity theft* may be first discovered by you in one *policy period* but it may cause insured loss in one or more subsequent *policy periods*. If so, all insured loss arising from such *computer attack, cyber extortion threat, personal data compromise, wrongful transfer event, computer fraud event* or *identity theft* will be subject to the limit of insurance applicable to the *policy period* when the *computer attack, cyber extortion threat, personal data compromise, wrongful transfer event, computer fraud event* or *identity theft* was first discovered by you.
- b. You may first receive notice of a *claim* or *regulatory proceeding* in one *policy period* but it may cause insured loss in one or more subsequent *policy periods*. If so, all insured loss arising from such *claim* or *regulatory proceeding* will be subject to the limit of insurance applicable to the *policy period* when notice of the *claim* or *regulatory proceeding* was first received by you.
- c. The limit of insurance for the Extended Reporting Periods (if applicable) will be part of, and not in addition to, the limit of insurance for the immediately preceding *policy period*.
- d. Coverage for Services to Affected Individuals under Data Compromise Response Expenses is limited to costs to provide such services for a period of up to one year from the date of the notification to the *affected individuals*. Notwithstanding, coverage for Identity Restoration Case Management services initiated within such one year period may continue for a period of up to one year from the date such Identity Restoration Case Management services are initiated.

D. DEDUCTIBLES

1. We will not pay for *loss* until the amount of the insured *loss* exceeds the deductible amount shown in the Cyber Suite Schedule. We will then pay the amount of *loss* in excess of the applicable deductible amount, subject to the applicable limits shown in the Cyber Suite Schedule. You will be responsible for the applicable deductible amount.
2. The deductible will apply to all:
 - a. Loss arising from the same insured event or interrelated insured events under Data Compromise Response Expenses, Computer Attack, Cyber Extortion, Misdirected Payment Fraud, or Computer Fraud.
 - b. Loss resulting from the same *wrongful act* or interrelated *wrongful acts* insured under Data Compromise Liability, Network Security Liability or Electronic Media Liability.
3. In the event that *loss* is insured under more than one coverage section, only the single highest deductible applies.
4. Insurance coverage under Identity Recovery is not subject to a deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

1. Bankruptcy

The bankruptcy or insolvency of you or your estate, will not relieve you or us of any obligation under this Cyber Coverage.

2. Defense And Settlement

- a. We shall have the right and the duty to assume the defense of any applicable *claim* or *regulatory proceeding* against you. You shall give us such information and cooperation as we may reasonably require.
- b. You shall not admit liability for or settle any *claim* or *regulatory proceeding* or incur any defense costs without our prior written consent.

- c. At the time a *claim* or *regulatory proceeding* is first reported to us, you may request that we appoint a defense attorney of your choice. We will give full consideration to any such request.
 - d. If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense by tendering control of the defense to you. From that point forward, you shall, at your own expense, negotiate or defend such *claim* or *regulatory proceeding* independently of us. Our liability shall not exceed the amount for which the *claim* or suit could have been settled if such recommendation was consented to, plus *defense costs* incurred by us, and *defense costs* incurred by you with our written consent, prior to the date of such refusal.
 - e. We will not be obligated to pay any *loss* or *defense costs*, or to defend or continue to defend any *claim* or *regulatory proceeding* after the applicable limit of insurance has been exhausted.
 - f. We will pay all interest on that amount of any judgment within the applicable limit of insurance which accrues:
 - (1) After entry of judgment; and
 - (2) Before we pay, offer to pay or deposit in court that part of the judgment within the applicable limit of insurance or, in any case, before we pay or offer to pay the entire applicable limit of insurance.
- These interest payments will be in addition to and not part of the applicable limit of insurance.

3. Due Diligence

You agree to use due diligence to prevent and mitigate *loss* insured under this Cyber Coverage. This includes, but is not limited to, complying with, and requiring your vendors to comply with, reasonable and industry-accepted protocols for:

- a. Providing and maintaining appropriate physical security for your premises, *computer system* and hard copy files;
- b. Providing and maintaining appropriate computer and Internet security;
- c. Maintaining and updating at appropriate intervals backups of computer data;
- d. Protecting transactions, such as processing credit card, debit card and check payments; and
- e. Appropriate disposal of files containing *personally identifying information*, *personally sensitive information* or *third party corporate data*, including shredding hard copy files and destroying physical media used to store electronic data.

4. Duties in the Event of a Claim, Regulatory Proceeding or Loss

- a. If, during the *policy period*, incidents or events occur which you reasonably believe may give rise to a *claim* or *regulatory proceeding* for which coverage may be provided hereunder, such belief being based upon either written notice from the potential claimant or the potential claimant's representative; or notice of a complaint filed with a federal, state or local agency; or upon an oral *claim*, allegation or threat, you shall give written notice to us as soon as practicable and either:
 - (1) Anytime during the *policy period*; or
 - (2) Anytime during the extended reporting periods (if applicable).
- b. If a *claim* or *regulatory proceeding* is brought against you, you must:
 - (1) Immediately record the specifics of the *claim* or *regulatory proceeding* and the date received;
 - (2) Provide us with written notice, as soon as practicable, but in no event more than 60 days after the date the *claim* or *regulatory proceeding* is first received by you;
 - (3) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the *claim* or *regulatory proceeding*;
 - (4) Authorize us to obtain records and other information;
 - (5) Cooperate with us in the investigation, settlement or defense of the *claim* or *regulatory proceeding*;
 - (6) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of *loss* or *defense costs* to which this insurance may also apply; and
 - (7) Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such *claim* or *regulatory proceeding*.
- c. In the event of a *personal data compromise*, *computer attack*, *cyber extortion threat*, *wrongful transfer*

event, computer fraud event or identity theft, insured under this Cyber Coverage, you and any involved *identity recovery insured* must see that the following are done:

- (1) Notify the police if a law may have been broken.
- (2) Notify us as soon as practicable, but in no event more than 60 days after the *personal data compromise, computer attack, cyber extortion threat, wrongful transfer event, computer fraud event or identity theft*. Include a description of any property involved.
- (3) As soon as possible, give us a description of how, when and where the *personal data compromise, computer attack, cyber extortion threat, wrongful transfer event, computer fraud event or identity theft* occurred.
- (4) As often as may be reasonably required, permit us to:
 - (a) Inspect the property proving the *personal data compromise, computer attack, cyber extortion threat, wrongful transfer event, computer fraud event or identity theft*;
 - (b) Examine your books, records, electronic media and records and hardware;
 - (c) Take samples of damaged and undamaged property for inspection, testing and analysis; and
 - (d) Make copies from your books, records, electronic media and records and hardware.
- (5) Send us signed, sworn proof of *loss* containing the information we request to investigate the *personal data compromise, computer attack, cyber extortion threat, wrongful transfer event, computer fraud event or identity theft*. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (6) Cooperate with us in the investigation or settlement of the *personal data compromise, computer attack, cyber extortion threat, wrongful transfer event, computer fraud event or identity theft*.
- (7) If you intend to continue your business, you must resume all or part of your operations as quickly as possible.
- (8) Make no statement that will assume any obligation or admit any liability, for any *loss* for which we may be liable, without our prior written consent.
- (9) Promptly send us any legal papers or notices received concerning the *loss*.
- d. We may examine you under oath at such times as may be reasonably required, about any matter relating to this insurance or the *claim, regulatory proceeding or loss*, including your books and records. In the event of an examination, your answers must be signed.
- e. You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.

5. Extended Reporting Periods

- a. You will have the right to the Extended Reporting Periods described in this section, in the event of a *termination of coverage*.
- b. If a *termination of coverage* has occurred, you will have the right to the following:
 - (1) At no additional premium, an Automatic Extended Reporting Period of 30 days immediately following the effective date of the *termination of coverage* during which you may first receive notice of a *claim or regulatory proceeding* arising directly from a *wrongful act* occurring before the end of the *policy period* and which is otherwise insured by this Cyber Coverage; and
 - (2) Upon payment of the additional premium of 100% of the full annual premium associated with the relevant coverage, a Supplemental Extended Reporting Period of one year immediately following the effective date of the *termination of coverage* during which you may first receive notice of a *claim or regulatory proceeding* arising directly from a *wrongful act* occurring before the end of the *policy period* and which is otherwise insured by this Cyber Coverage.

To obtain the Supplemental Extended Reporting Period, you must request it in writing and pay the additional premium due, within 30 days after the effective date of *termination of coverage*. The additional premium for the Supplemental Extended Reporting Period will be fully earned at the inception of the Supplemental Extended Reporting Period. If we do not receive the written request as required, you may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary,

excess, contingent, or any other basis.

6. Identity Recovery Help Line

For assistance, if Identity Recovery applies, the *identity recovery insured* should call the **Identity Recovery Help Line at 1-866-219-0691**.

The **Identity Recovery Help Line** can provide the *identity recovery insured* with:

- a. Information and advice for how to respond to a possible *identity theft*; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an *identity recovery insured* prior to a determination that a covered *identity theft* has occurred. Our provision of such services is not an admission of liability under the Cyber Coverage. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered *identity theft* has not occurred.

As respects Expense Reimbursement Coverage, the *identity recovery insured* must send to us, within 60 days after our request, receipts, bills or other records that support his or her *claim for identity recovery expenses*.

7. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date the *loss* or *identity theft* is first discovered by you, or the date on which you first receive notice of a *claim* or *regulatory proceeding*.

8. Legal Advice

We are not your legal advisor. Our determination of what is or is not insured under this Cyber Coverage does not represent advice or counsel from us about what you should or should not do.

9. Other Insurance

If there is other insurance that applies to the same *loss*, this Cyber Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

10. Pre-Notification Consultation

You agree to consult with us prior to the issuance of notification to *affected individuals*. We assume no responsibility under Data Compromise Response Expenses for any services promised to *affected individuals* without our prior agreement. If possible, this pre-notification consultation will also include the designated service provider(s) as agreed to under the Service Providers condition below. You must provide the following at our pre-notification consultation with you:

- a. The exact list of *affected individuals* to be notified, including contact information.
- b. Information about the *personal data compromise* that may appropriately be communicated with *affected individuals*.
- c. The scope of services that you desire for the *affected individuals*. For example, coverage may be structured to provide fewer services in order to make those services available to more *affected individuals* without exceeding the available Data Compromise Response Expenses limit of insurance.

11. Service Providers

- a. We will only pay under this Cyber Coverage for services that are provided by service providers approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this Cyber Coverage. We will not unreasonably withhold such approval.
- b. Prior to the Pre-Notification Consultation described in the Pre-Notification Consultation Condition above, you must come to agreement with us regarding the service provider(s) to be used for the Notification to Affected Individuals and Services to Affected Individuals. We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:
 - (1) Such alternate service provider must be approved by us;
 - (2) Such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had

suggested; and

- (3) Our payment for services provided by any alternate service provider will not exceed the amount that we would have paid using the service provider we had suggested.

12. Services

The following conditions apply as respects any services provided to you or any *affected individual* or *identity recovery insured* by us, our designees or any service firm paid for in whole or in part under this Cyber Coverage:

- a. The effectiveness of such services depends on the cooperation and assistance of you, *affected individuals* and *identity recovery insureds*.
- b. All services may not be available or applicable to all individuals. For example, *affected individuals* and *identity recovery insureds* who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
- c. We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events.
- d. Except for the services of an *identity recovery case manager* under Identity Recovery, which we will provide directly, you will have a direct relationship with the professional service firms paid for in whole or in part under this Cyber Coverage. Those firms work for you.

13. Valuation

We will determine the value of *money* as follows:

Our payment for loss of *money* or loss payable in *money* will be, at your option, in the *money* of the country in which the *wrongful transfer event* or *computer fraud event* took place or in the United States of America dollar equivalent thereof determined at the rate of exchange published by the Wall Street Journal at the time of payment of such loss.

F. DEFINITIONS

1. "*Affected Individual*" means any person whose *personally identifying information* or *personally sensitive information* is lost, stolen, accidentally released or accidentally published by a *personal data compromise* covered under this Cyber Coverage. This definition is subject to the following provisions:
 - a. *Affected individual* does not include any business or organization. Only an individual person may be an *affected individual*.
 - b. An *affected individual* may reside anywhere in the world.
2. "*Authorized Representative*" means a person or entity authorized by law or contract to act on behalf of an *identity recovery insured*.
3. "*Authorized Third Party User*" means a party who is not an employee or a director of you who is authorized by contract or other agreement to access the *computer system* for the receipt or delivery of services.
4. "*Bodily Injury*" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
5. "*Business Income and Extra Expense Loss*" means loss of Business Income and Extra Expense.
 - a. As used in this definition, Business Income means the sum of:
 - (1) Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - (2) Continuing normal and necessary operating expenses incurred, including employee and director payroll.
 - b. As used in this definition, Extra Expense means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no *computer attack* occurred.
6. "*Claim*"
 - a. *Claim* means:
 - (1) A written demand for monetary damages or non-monetary relief, including injunctive relief;
 - (2) A civil proceeding commenced by the filing of a complaint;

- (3) An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
 - (4) Any other alternative dispute resolution proceeding in which such damages are claimed and to which you must submit or to which we agree you should submit to;
- arising from a *wrongful act* or a series of interrelated *wrongful acts* including any resulting appeal.
- b. *Claim* does not mean or include:
 - (1) Any demand or action brought by or on behalf of someone who is:
 - (a) Your director;
 - (b) Your owner or part-owner; or
 - (c) A holder of your securities;
 in their capacity as such, whether directly, derivatively, or by class action. *Claim* will include proceedings brought by such individuals in their capacity as *affected individuals*, but only to the extent that the damages claimed are the same as would apply to any other *affected individual*; or
 - (2) A *regulatory proceeding*.
 - c. *Claim* includes a demand or proceeding arising from a *wrongful act* that is a *personal data compromise* only when the *personal data compromise* giving rise to the proceeding was covered under Data Compromise Response Expenses section of this Cyber Coverage, and you submitted a *claim* to us and provided notifications and services to affected individuals in consultation with us pursuant to Data Compromise Response Expenses in connection with such *personal data compromise*.
7. “*Computer Attack*”
- a. “*Computer attack*” means one of the following involving the *computer system*:
 - (1) An *unauthorized access incident*;
 - (2) A *malware attack*; or
 - (3) A *denial of service attack* against a *computer system*.
 - b. A *computer attack* ends at the earlier of:
 - (1) The time that the active attacking behavior ceases, the time that you have regained control over the *computer system* or the time that all unauthorized creation, destruction or movement of data associated with the *computer attack* has ceased, whichever happens latest; or
 - (2) 30 days after your discovery of the *computer attack*.
8. “*Computer Fraud Costs*” means:
- a. The amount of *money* fraudulently obtained from you. *Computer fraud costs* include the direct financial loss only.
 - b. *Computer fraud costs* do not include any of the following:
 - (1) Other expenses that arise from the *computer fraud event*;
 - (2) Indirect loss, such as *bodily injury*, lost time, lost wages, *identity recovery expenses* or damaged reputation;
 - (3) Any interest, time value or potential investment gain on the amount of financial loss; or
 - (4) Any portion of such amount that has been or can reasonably be expected to be reimbursed by a third party, such as a financial institution.
9. “*Computer Fraud Event*” means:
- a. An *unauthorized access incident* that leads to the intentional, unauthorized and fraudulent entry of or change to data or instructions within a *computer system* owned or leased by you and operated under your control. Such fraudulent entry or change must be conducted by a person who is not an *employee*, *executive* or *independent contractor*. Such fraudulent entry or change must cause *money* to be sent or diverted. The fraudulent entry or change must result in direct financial loss to you.
 - b. *Computer fraud event* does not mean or include any occurrence:
 - (1) In which you are threatened or coerced to send money or divert a payment; or

- (2) Arising from a dispute or a disagreement over the completeness, authenticity or value of a product, a service or a financial instrument.
10. “Computer System” means a computer or other electronic hardware that:
- Is owned or leased by you and operated under your control; or
 - Is operated by a third-party service provider used for the purpose of providing hosted computer application services to you or for processing, maintaining, hosting or storing your electronic data, pursuant to a written contract with you for such services. However, such computer or other electronic hardware operated by such third party shall only be considered to be a *computer system* with respect to the specific services provided by such third party to you under such contract.
11. “Coverage Term” means the increment of time:
- Commencing on the earlier of the first inception date of this Cyber Coverage or the first inception date of any coverage substantially similar to that described in this Cyber Coverage and held immediately prior to this Cyber coverage; and
 - Ending upon the *termination of coverage*.
12. “Coverage Territory” means:
- With respect to Data Compromise Response Expenses, Computer Attack, Cyber Extortion, Misdirected Payment Fraud, Computer Fraud and Identity Recovery, *coverage territory* means anywhere in the world.
 - With respect to Data Compromise Liability, Network Security Liability and Electronic Media Liability, *coverage territory* means anywhere in the world, however *claims* must be brought within the United States (including its territories and possessions) or Puerto Rico.
13. “Cyber Extortion Expenses” means:
- The cost of a negotiator or investigator retained by you in connection with a *cyber extortion threat*; and
 - Any amount paid by you in response to a *cyber extortion threat* to the party that made the *cyber extortion threat* for the purposes of eliminating the *cyber extortion threat* when such expenses are necessary and reasonable and arise directly from a *cyber extortion threat*. The payment of *cyber extortion expenses* must be approved in advance by us. We will not pay for *cyber extortion expenses* that have not been approved in advance by us. We will not unreasonably withhold our approval.
14. “Cyber Extortion Threat” means:
- Cyber extortion threat* means a demand for money from you based on a credible threat, or series of related credible threats, to:
- (1) Launch a *denial of service attack* against the *computer system* for the purpose of denying *authorized third party users* access to your services provided through the *computer system* via the Internet;
 - (2) Gain access to a *computer system* and use that access to steal, release or publish *personally identifying information, personally sensitive information or third party corporate data*;
 - (3) Alter, damage or destroy electronic data or software while such electronic data or software is stored within a *computer system*;
 - (4) Launch a *computer attack* against a *computer system* in order to alter, damage or destroy electronic data or software while such electronic data or software is stored within a *computer system*; or
 - (5) Cause you to transfer, pay or deliver any funds or property using a *computer system* without your authorization.
- Cyber extortion threat* does not mean or include any threat made in connection with a legitimate commercial dispute.
15. “Data Re-creation Costs”
- Data re-creation costs* means the costs of an outside professional firm hired by you to research, re-create and replace data that has been lost or corrupted and for which there is no electronic source available or where the electronic source does not have the same or similar functionality to the data that has been lost or corrupted.
 - Data re-creation costs* does not mean or include costs to research, re-create or replace:

- (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.
16. *"Data Restoration Costs"*
- a. *Data restoration costs* means the costs of an outside professional firm hired by you to replace electronic data that has been lost or corrupted. In order to be considered *data restoration costs*, such replacement must be from one or more electronic sources with the same or similar functionality to the data that has been lost or corrupted.
 - b. *Data restoration costs* does not mean or include costs to research, re-create or replace:
 - (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.
17. *"Defense Costs"*
- a. *Defense costs* means reasonable and necessary expenses consented to by us resulting solely from the investigation, defense and appeal of any *claim* or *regulatory proceeding* against you. Such expenses may include premiums for any appeal bond, attachment bond or similar bond. However, we have no obligation to apply for or furnish such bond.
 - b. *Defense costs* does not mean or include the salaries or wages of your employees or directors, or your loss of earnings.
18. *"Denial of Service Attack"* means an intentional attack against a target computer or network of computers designed to overwhelm the capacity of the target computer or network in order to deny or impede authorized users from gaining access to the target computer or network through the Internet.
19. *"Electronic Media Incident"* means an allegation that the display of information in electronic form by you on a website resulted in:
- a. Infringement of another's copyright, title, slogan, trademark, trade name, trade dress, service mark or service name;
 - b. Defamation against a person or organization that is unintended; or
 - c. A violation of a person's right of privacy, including false light and public disclosure of private facts.
20. *"Employee"* means any natural person, other than an *executive*, who was, now is or will be:
- a. Employed on a full-time or part-time basis by you;
 - b. Furnished temporarily to you to substitute for a permanent *employee* on leave or to meet seasonal or short-term workload conditions;
 - c. Leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in paragraph b.; or
 - d. Your volunteer worker, which includes unpaid interns.
21. *"Executive"* means any natural person who was, now is or will be:
- a. The owner of your sole proprietorship; or
 - b. A duly elected or appointed:
 - (1) Director;
 - (2) Officer;
 - (3) Managing Partner;
 - (4) General Partner;
 - (5) Member (if a limited liability company);
 - (6) Manager (if a limited liability company); or
 - (7) Trustee;
 of your business.

22. “*Extended Income Loss*” means your actual *business income and extra expense loss* incurred during the *extended recovery period*.
23. “*Extended Recovery Period*” means a fixed period of 180 days immediately following the end of the *period of restoration*.
24. “*Identity Recovery Case Manager*” means one or more individuals assigned by us to assist an *identity recovery insured* with communications we deem necessary for re-establishing the integrity of the personal identity of the *identity recovery insured*. This includes, with the permission and cooperation of the *identity recovery insured*, written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
25. “*Identity Recovery Expenses*” means the following when they are reasonable and necessary expenses that are incurred as a direct result of an *identity theft* suffered by an *identity recovery insured*:
- a. **Re-Filing Costs**
Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an *identity theft*.
 - b. **Notarization, Telephone and Postage Costs**
Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of the *identity recovery insured*’s efforts to report an *identity theft* or amend or rectify records as to the *identity recovery insured*’s true name or identity as a result of an *identity theft*.
 - c. **Credit Reports**
Costs for credit reports from established credit bureaus.
 - d. **Legal Costs**
Fees and expenses for an attorney approved by us for the following:
 - (1) The defense of any civil suit brought against an *identity recovery insured*.
 - (2) The removal of any civil judgment wrongfully entered against an *identity recovery insured*.
 - (3) Legal assistance for an *identity recovery insured* at an audit or hearing by a governmental agency.
 - (4) Legal assistance in challenging the accuracy of the *identity recovery insured*’s consumer credit report.
 - (5) The defense of any criminal charges brought against an *identity recovery insured* arising from the actions of a third party using the personal identity of the *identity recovery insured*.
 - e. **Lost Wages**
Actual lost wages of the *identity recovery insured* for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole workdays. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self-employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.
 - f. **Child and Elder Care Expenses**
Actual costs for supervision of children or elderly or infirm relatives or dependents of the *identity recovery insured* during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the *identity recovery insured*.
 - g. **Mental Health Counseling**
Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the *identity recovery insured*.
 - h. **Miscellaneous Unnamed Costs**
Any other reasonable costs necessarily incurred by an *identity recovery insured* as a direct result of the *identity theft*.
 - (1) Such costs include:
 - (a) Costs by the *identity recovery insured* to recover control over his or her personal identity.
 - (b) Deductibles or service fees from financial institutions.

- (2) Such costs do not include:
 - (a) Costs to avoid, prevent or detect *identity theft* or other loss.
 - (b) Money lost or stolen.
 - (c) Costs that are restricted or excluded elsewhere in this Cyber Coverage or policy.

26. “Identity Recovery Insured” means the following:

- a. When the entity insured under this Cyber Coverage is a sole proprietorship, the *identity recovery insured* is the individual person who is the sole proprietor of the insured identity.
- b. When the entity insured under this Cyber Coverage is a partnership, the *identity recovery insureds* are the current partners.
- c. When the entity insured under this Cyber Coverage is a corporation or other form of organization, other than those described in a. or b. above, the *identity recovery insureds* are all individuals having an ownership position of 20% or more of the insured entity. However, if, and only if, there is no one who has such an ownership position, then the *identity recovery insured* will be:
 - (1) The chief executive of the insured entity; or
 - (2) As respects a religious institution, the senior ministerial employee.

An *identity recovery insured* must always be an individual person. If the entity insured under this Cyber Coverage is a legal entity, that legal entity is not an *identity recovery insured*.

27. “Identity Theft”

- a. *Identity Theft* means the fraudulent use of *personally identifying information*. This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes.
- b. *Identity theft* does not mean or include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

28. “Independent Contractor” means a natural person that provides goods or services to you under terms specified in a written contract, but only while acting on behalf of, at the direction of, and under the supervision of you.

29. “Loss”

- a. With respect to Data Compromise Response Expenses, *loss* means those expenses enumerated in Data Compromise Response Expenses, paragraph **b**.
- b. With respect to Computer Attack, *loss* means those expenses enumerated in Computer Attack, paragraph **b**.
- c. With respect to Cyber Extortion, *loss* means *cyber extortion expenses*.
- d. With respect to Misdirected Payment Fraud, *loss* means *wrongful transfer costs*.
- e. With respect to Computer Fraud, *loss* means *computer fraud costs*.
- f. With respect to Data Compromise Liability, Network Security Liability and Electronic Media Liability, *loss* means *defense costs* and *settlement costs*.
- g. With respect to Identity Recovery, *loss* means those expenses enumerated in Identity Recovery, paragraph **b**.

30. “Malware Attack”

- a. *Malware attack* means an attack that damages a *computer system* or data contained therein arising from malicious code, including viruses, worms, Trojans, spyware and keyloggers.
- b. *Malware attack* does not mean or include damage from shortcomings or mistakes in legitimate electronic code or damage from code installed on your *computer system* during the manufacturing process or normal maintenance.

31. “Money” means:

- a. *Money* means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including currency, coins, banknotes, bullion, travelers’ checks, registered checks and money orders held for sale to the public.
- b. *Money* does not mean or include any cryptocurrency, whether or not authorized or adopted by a domestic or foreign government. Cryptocurrency includes, but is not limited to, Bitcoin, Ethereum and

other forms of digital, virtual or electronic currency.

32. “*Network Security Incident*” means a negligent security failure or weakness with respect to a *computer system* which allowed one or more of the following to happen:
 - a. The unintended propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers. Malware does not include shortcomings or mistakes in legitimate electronic code;
 - b. The unintended abetting of a *denial of service attack* against one or more other systems; or
 - c. The unintended loss, release or disclosure of *third party corporate data*.
33. “*Period of Restoration*” means the period of time that begins 8 hours after the time that a *computer attack* is discovered by you and continues until the earliest of:
 - a. The date that all data restoration, data re-creation and system restoration directly related to the *computer attack* has been completed;
 - b. The date on which such data restoration, data re-creation and system restoration could have been completed with the exercise of due diligence and dispatch; or
 - c. If no data restoration, data re-creation or system restoration is required, the end of the *computer attack*.
34. “*Personal Data Compromise*” means the loss, theft, accidental release or accidental publication of *personally identifying information* or *personally sensitive information* as respects one or more *affected individuals*. If the loss, theft, accidental release or accidental publication involves *personally identifying information*, such loss, theft, accidental release or accidental publication must result in or have the reasonable possibility of resulting in the fraudulent use of such information. This definition is subject to the following provisions:
 - a. At the time of the loss, theft, accidental release or accidental publication, the *personally identifying information* or *personally sensitive information* need not be at the insured premises but must be in the direct care, custody or control of:
 - (1) You; or
 - (2) A professional entity with which you have a direct relationship and to which you (or an *affected individual* at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
 - b. *Personal data compromise* includes disposal or abandonment of *personally identifying information* or *personally sensitive information* without appropriate safeguards such as shredding or destruction, provided that the failure to use appropriate safeguards was accidental and not reckless or deliberate.
 - c. *Personal data compromise* includes situations where there is a reasonable cause to suspect that such *personally identifying information* or *personally sensitive information* has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof.
 - d. All incidents of *personal data compromise* that are discovered at the same time or arise from the same cause will be considered one *personal data compromise*.
35. “*Personally Identifying Information*”
 - a. *Personally identifying information* means information, including health information, that could be used to commit fraud or other illegal activity involving the credit, access to health care or identity of an *affected individual* or *identity recovery insured*. This includes, but is not limited to, Social Security numbers or account numbers.
 - b. *Personally identifying information* does not mean or include information that is otherwise available to the public, such as names and addresses.
36. “*Personally Sensitive Information*”
 - a. *Personally sensitive information* means private information specific to an individual the release of which requires notification of *affected individuals* under any applicable law.
 - b. *Personally sensitive information* does not mean or include *personally identifying information*.
37. “*Policy Period*” means the period commencing on the effective date shown in the Cyber Suite Schedule. The *policy period* ends on the expiration date or the cancellation date of this Cyber Coverage, whichever comes first.
38. “*Property Damage*” means

- a. Physical injury to or destruction of tangible property including all resulting loss of use; or
 - b. Loss of use of tangible property that is not physically injured.
39. “*Regulatory Proceeding*” means an investigation, demand or proceeding alleging a violation of law or regulation arising from a *personal data compromise* brought by, or on behalf of, the Federal Trade Commission, Federal Communications Commission or other administrative or regulatory agency, or any federal, state, local or foreign governmental entity in such entity’s regulatory or official capacity.
40. “*Settlement Costs*”
- a. *Settlement costs* means the following, when they arise from a *claim*:
 - (1) Damages, judgments or settlements; and
 - (2) Attorney’s fees and other litigation costs added to that part of any judgment paid by us, when such fees and costs are awarded by law or court order; and
 - (3) Pre-judgment interest on that part of any judgment paid by us.
 - b. *Settlement costs* does not mean or include:
 - (1) Civil or criminal fines or penalties imposed by law, except for civil fines and penalties expressly covered under Data Compromise Response Expenses;
 - (2) Punitive and exemplary damages;
 - (3) The multiple portion of any multiplied damages;
 - (4) Taxes; or
 - (5) Matters which may be deemed uninsurable under the applicable law.
 - c. With respect to fines and penalties, the law of the jurisdiction most favorable to the insurability of those fines, or penalties will control for the purpose of resolving any dispute between us and you regarding whether the fines, or penalties specified in this definition above are insurable under this Cyber Coverage, provided that such jurisdiction:
 - (1) Is where those fines, or penalties were awarded or imposed;
 - (2) Is where any *wrongful act* took place for which such fines, or penalties were awarded or imposed;
 - (3) Is where you are incorporated or you have your principal place of business; or
 - (4) Is where we are incorporated or have our principal place of business.
41. “*System Restoration Costs*”
- a. *System restoration costs* means the costs of an outside professional firm hired by you to do any of the following in order to restore your *computer system* to its pre-*computer attack* level of functionality:
 - (1) Replace or reinstall computer software programs;
 - (2) Remove any malicious code; and
 - (3) Configure or correct the configuration of your *computer system*.
 - b. *System restoration costs* does not mean or include:
 - (1) Costs to increase the speed, capacity or utility of a *computer system* beyond what existed immediately prior to the *computer attack*;
 - (2) Labor costs of your employees or directors;
 - (3) Any costs in excess of the actual cash value of your *computer system*; or
 - (4) Costs to repair or replace hardware.
42. “*Termination of Coverage*” means:
- a. You or we cancel this coverage;
 - b. You or we refuse to renew this coverage; or
 - c. We renew this coverage on an other than claims-made basis or with a retroactive date later than the date of the first inception of this coverage or any coverage substantially similar to that described in this Cyber Coverage.
43. “*Third Party Corporate Data*”
- a. *Third party corporate data* means any trade secret, data, design, interpretation, forecast, formula,

method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not an insured under this Cyber Coverage which is not available to the general public and is provided to you subject to a mutually executed written confidentiality agreement or which you are legally required to maintain in confidence.

- b.** *Third party corporate data* does not mean or include *personally identifying information* or *personally sensitive information*.

44. *“Unauthorized Access Incident”* means the gaining of access to a *computer system* by:

- a.** An unauthorized person or persons; or
- b.** An authorized person or persons for unauthorized purposes.

45. *“Wrongful Act”*

- a.** With respect to Data Compromise Liability, *wrongful act* means a *personal data compromise*.
- b.** With respect to Network Security Liability, *wrongful act* means a *network security incident*.
- c.** With respect to Electronic Media Liability, *wrongful act* means an *electronic media incident*.

46. *“Wrongful Transfer Costs”* means the amount of *money* fraudulently obtained from you. *Wrongful transfer costs* include the direct financial loss only. *Wrongful transfer costs* do not include any of the following:

- a.** Other expenses that arise from the *wrongful transfer event*;
- b.** Indirect loss, such as *bodily injury*, lost time, lost wages, *identity recovery expenses* or damaged reputation;
- c.** Any interest, time value or potential investment gain on the amount of financial loss; or
- d.** Any portion of such amount that has been or can reasonably be expected to be reimbursed by a third party, such as a financial institution.

47. *“Wrongful Transfer Event”*

- a.** *Wrongful transfer event* means an intentional and criminal deception of you or a financial institution with which you have an account. The deception must be perpetrated by a person who is not an *employee*, *executive* or *independent contractor* using email, facsimile or telephone communications to induce you or the financial institution to send or divert *money*. The deception must result in direct financial loss to you.
- b.** *Wrongful transfer event* does not mean or include any occurrence:
 - (1)** In which you are threatened or coerced to send money or divert a payment; or
 - (2)** Arising from a dispute or disagreement over the completeness, authenticity or value of a product, a service or a financial instrument.

ALL OTHER PROVISIONS OF THIS POLICY APPLY.

ILLINOIS CHANGES – CYBER SUITE COVERAGE

IL-7150(7-20)

This endorsement changes the policy. Please read it carefully.

This endorsement modifies the insurance provided under the following:

Cyber Suite Coverage

1. **C. LIMITS OF INSURANCE, 1. Aggregate Limits** is deleted and replaced with the following:

1. Aggregate Limits

Except for pre- and post-judgment interest, the Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule is the most we will pay for all *loss* under all applicable coverage sections, except Identity Recovery, in any one *policy period* or any applicable Extended Reporting Period. The Cyber Suite Annual Aggregate Limit shown in the Cyber Suite Schedule applies regardless of the number of insured events first discovered or *claims* or *regulatory proceedings* first received during the *policy period* or any applicable Extended Reporting Period.

The Identity Recovery Coverage is subject to the Identity Recovery Limit as shown in the Cyber Suite Schedule.

2. **E. ADDITIONAL CONDITIONS, 2. Defense And Settlement**, paragraph **f.** is deleted and replaced with the following:

- f.** We will pay all interest on that amount of any judgment within the applicable limit of insurance which accrues:

(1) Before entry of judgment; and

(2) After entry of judgment but before we pay, offer to pay or deposit in court that part of the judgment within the applicable limit of insurance or, in any case, before we pay or offer to pay the entire applicable limit of insurance.

These interest payments shall be in addition to and not part of the applicable limit of insurance.

3. The following is added to **E. ADDITIONAL CONDITIONS, 7. Legal Action Against Us**:

The two year period for legal action against us is extended by the number of days between the date the statement of *loss* is filed with us and the date we deny the claim in whole or in part.

4. **E. ADDITIONAL CONDITIONS, 9. Other Insurance** is deleted and replaced with the following:

9. Other Insurance

If there is other similar insurance that applies to the same *loss* we will proportionately share payment of the amount of *loss* with the other insurance company.

5. **F. DEFINITIONS, 17. "Defense Costs"**, paragraph **b.** is deleted and replaced with the following:

- b.** *Defense costs* does not mean or include the salaries of your or our employees, officers or staff attorneys, or your loss of earnings.

6. **F. DEFINITIONS, 40. "Settlement Costs"**, paragraph **a.** is deleted and replaced with the following:

- a.** *Settlement costs* means the following, when they arise from a *claim*:

- 1) Damages, judgments or settlements; and
- 2) Attorney's fees and other litigation costs added to that part of any judgment paid by us, when such fees and costs are awarded by law or court order.

CYBER SUITE SCHEDULE**IL-7151(7-20)**

Policy Number: Z95032

Named Insured: CITY SERVICE ELECTRIC INC

Cyber Coverage Effective

Date: 2021-11-15

CYBER SUITE

Annual Aggregate Limit:	\$100,000
Deductible Per Occurrence:	\$1,000

DATA COMPROMISE RESPONSE EXPENSES	Included
Sublimits Per Occurrence	
Forensic IT Review:	\$50,000
Legal Review:	\$50,000
Public Relations:	\$5,000
Regulatory Fines and Penalties:	\$50,000
PCI Fines and Penalties:	\$50,000

COMPUTER ATTACK	Included
Sublimits Per Occurrence	
Loss of Business:	\$50,000
Public Relations:	\$5,000

CYBER EXTORTION	Included
Sublimit Per Occurrence:	\$10,000

MISDIRECTED PAYMENT FRAUD	Included
Sublimit Per Occurrence:	\$10,000

COMPUTER FRAUD	Included
Sublimit Per Occurrence:	\$10,000

DATA COMPROMISE LIABILITY	Included
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NETWORK SECURITY LIABILITY	Included
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ELECTRONIC MEDIA LIABILITY	Included
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IDENTITY RECOVERY COVERAGE

Annual Aggregate Limit Per <i>Identity Recovery</i>	\$25,000
<i>Insured:</i>	
Deductible Per Occurrence:	None

Sublimits Per Occurrence	
Lost Wages and Child and Elder Care Expenses:	\$5,000
Mental Health Counseling:	\$1,000
Miscellaneous Unnamed Costs:	\$1,000

NOTICE OF CANCELLATION ENDORSEMENT

IL-7002(10-90)

All Coverage Parts included in this policy are subject to the following condition:

If we cancel this policy, for any reason other than

nonpayment of premium, we will mail advance notice to the person(s) or organization(s) as shown in the Schedule.

SCHEDULE

Person or Organization (Name and Address)	Advance Notice (Days)
THE PARK RIDGE PUBLIC LIBRARY 20 S PROSPECT AVE PARK RIDGE IL 60068	30
UTC CARRIER OF AUTOMATED LOGIC C/O AVETTA PO BOX 51387 IRVINE CA 92619	30